

City of North Miami Beach

Retirement Plan for Police
Officers & Firefighters

Actuarial Valuation Report as
of October 1, 2016

June 2017

June 2017

Retirement Committee
Retirement Plan for Police Officers & Firefighters of the
City of North Miami Beach
17011 NE 19th Ave., Room # 428
North Miami Beach, FL 33162

October 1, 2016 Actuarial Valuation

Ladies and Gentlemen:

This report presents the results of the actuarial valuation of the Retirement Plan (“Plan”) for Police Officers & Firefighters of the City of North Miami Beach as of October 1, 2016. The purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2016, to determine the minimum required contribution amount for the fiscal year ending September 30, 2018, and to satisfy State reporting requirements. In addition, this report provides a record of any plan amendments or other plan changes affecting the financial status of the Plan. Use of this report for any other purpose may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. Because of the risk of misinterpretation of actuarial results, you should ask Conduent to review any statement you wish to make on the results contained in this report. Conduent will not accept any liability for any such statement made without prior review.

Summary of Valuation Results

Currently, the Plan receives contributions from the City of North Miami Beach, the State of Florida through Chapter 175/185 and active members. In addition, per Ordinance 2010-22 an additional City contribution of \$200,000 is required and will be reserved to offset future supplemental contributions should the funding level fall below 70% in future years. The dollar amount of the City’s contribution requirement for the 2017/2018 fiscal year is as follows:

	Payable Monthly	Payable Quarterly	Single Contribution on October 1, 2016
City	\$ 5,570,544	\$ 5,515,935	\$ 5,360,258
City Supplemental	200,000	200,000	200,000
Total	\$ 5,770,544	\$ 5,715,935	\$ 5,560,258

Changes in Methods/Assumptions

The assumptions used in this valuation are based on an experience study covering the five year period ending September 30, 2015 as approved by the Board in February 2017. The assumed rates of retirement and termination were changed in accordance with an experience study. Also, the salary scale assumption was updated to reflect changes to the salary structure under the most recent collective bargaining agreement. The assumption for disability incidence, the valuation interest rate and the assumed DROP participation were reviewed as part of the experience study, but no changes were recommended.

There have been no method changes since the prior valuation. The methods used in the valuation are outlined in Table XI.

Prescribed Assumptions under Chapter 112

The mortality assumption was updated in accordance with the changes that were enacted in the 2015 legislative session to sections 112.63 and 112.664, Florida Statutes, which require local government pension plans to use the mortality tables used in either of the two most recently published actuarial valuation reports of the Florida Retirement System (FRS), including the projection scale for mortality improvement, and appropriate risk and collar adjustments based on plan demographics. The assumption used in this valuation is the same assumption used in the 2016 FRS valuation as it applies to "special risk" participants.

Changes in Plan Provisions

There have been no plan changes for the current valuation. A detailed summary of the plan provision can be found in Table XII.

Discussion of Valuation Results

The dollar amount of the total required contributions for fiscal year 2017/2018 is \$6,479,555 (101.5% of payroll) before reflecting the additional contribution required by Ordinance 2010-22 and interest adjustments for timing of contributions. For comparative purposes, the total required contribution for the 2016/2017 fiscal year was \$6,247,800 (97.7% of payroll).

The contribution increased slightly from the prior fiscal year. The main drivers for the change in the total contribution requirements are as follows:

- Overall contributions were expected to increase by approximately \$167,000. This increase reflects level percent of payroll amortization of the unfunded actuarial accrued liability and the expected increase in the Plan's normal cost.
- There was a small experience gain during the prior year. This decreased the contribution amount by approximately \$82,000.
- The assumption changes resulting from the experience study lowered the contribution level by approximately \$69,000.
- The prescribed mortality change increased the contribution level by approximately \$215,000.

After taking into account expected member contributions of \$708,390 (11.10% of payroll) and expected State contributions of \$362,870 (5.69% of payroll), the City's contribution requirement is \$5,408,295 (84.74% of payroll) before reflecting the \$200,000 additional contribution required by Ordinance 2010-22 and interest adjustments due to timing of contributions. This compares to \$5,206,248 (81.41% of payroll) required for the prior fiscal year.

Financial and Member Data

The member data used was provided as of October 1, 2016 by the Pension Administrator and the City of North Miami Beach. Conduent did not audit this data, although it was reviewed for reasonableness and consistency with the prior year's information. The financial data was supplied by the Plan Administrator. A contribution receivable from the City for missed member contributions on fiscal 2016 overtime earnings was included in the assets based on overtime earnings data that was supplied by the City. We have relied upon this information without audit. The results of this report are dependent on the accuracy of the member and financial data. Tables IX through IXd provide a summary of the data used in the valuation.

Contents of the Report

A summary of the results of the valuation is presented in Table I. Information for the auditors can be found in Tables III. The disclosure information required by Chapter 112, Florida Statutes, is presented in Table IV-V. Tables VI through VIII provide information about the fund's assets. Tables VIIa-VIII provides a historical record of the growth, expenditures, and annual returns of the Plan. Tables IX through IXd provide information regarding the participant population.

Certification

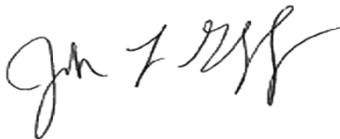
This actuarial valuation was prepared under our direct supervision and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate and, in our opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part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

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

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. Because of limited scope, Conduent performed no analysis of the potential range of such differences.

This valuation was prepared in accordance with the standards of practice prescribed by the Actuarial Standards Board, based on the current provisions of the Retirement Plan and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the Plan. We are members of the American Academy of Actuaries and meet the Academy's qualification standards to issue this Statement of Actuarial opinion. We are available to answer questions regarding any of the content within this report.

Conduent HR Consulting, LLC



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Summary of Valuation Results

Table I

	October 1, 2015	October 1, 2016
1. Number of Members		
a. Active Members	69	77
b. DROP Members	27	27
c. Deferred Vested Members	0	0
d. Retired Members	<u>126</u>	<u>130</u>
e. Total Members	222	234
2. Total Annual Compensation	\$ 6,056,254	\$ 5,960,249
3. Valuation Payroll	\$ 6,394,859	\$ 6,381,893
4. DROP Member Benefits	\$ 1,743,416	\$ 1,773,493
5. Retired Member Benefits	\$ 6,787,386	\$ 7,129,077
6. Annual Contribution		
a. Present Value of Future Benefits	\$ 147,925,881	\$ 151,745,713
b. Present Value of Future Normal Cost	12,280,664	9,765,583
<i>City Portion</i>	6,319,732	4,531,826
<i>Member Portion</i>	5,960,932	5,233,757
c. Actuarial Accrued Liability (AAL)	135,645,217	141,980,130
d. Actuarial Value of Assets (AVA)	(95,513,806)	(100,584,768)
e. Unfunded AAL (UAAL)	<u>\$ 40,131,411</u>	<u>\$ 41,395,362</u>
f. Funded Percentage (AVA / AAL)	70.4%	70.8%
g. Normal Cost	\$ 1,589,997	\$ 1,538,739
h. Amortization Amount	3,766,235	4,009,477
i. Administrative / Investment Management Expenses	655,716	686,738
j. Interest for Monthly Payments	235,852	244,601
k. Total	<u>\$ 6,247,800</u>	<u>\$ 6,479,555</u>
l. Expected Member Contributions	\$ 709,829	\$ 708,390
m. Expected State Contributions	331,723	362,870
n. Estimated City Contributions	5,206,248	5,408,295
o. Total	<u>\$ 6,247,800</u>	<u>\$ 6,479,555</u>
7. Annual Contributions (as a % of Valuation Payroll)		
a. Total Required Contributions	97.70%	101.53%
b. Expected Member Contributions	11.10%	11.10%
c. Expected State Contributions	5.19%	5.69%
d. Estimated City Contributions	81.41%	84.74%
8. Contribution Required by Ordinance 2010-22	\$ 200,000	\$ 200,000
9. Monthly City Contribution for the Following Fiscal Year	\$ 5,562,435	\$ 5,770,544
10. Quarterly City Contribution for the Following Fiscal Year		\$ 5,715,935
11. Single City Contribution as of October 1		\$ 5,560,258

Gain and Loss Analysis

Table II

1. Actual Unfunded Accrued Liability as of October 1, 2015	\$	40,131,411
2. Expected Change in Unfunded Liability During the 2015/2016 Plan Year		
a. Due to Employer Normal Cost and Admin/Investment Expenses*	\$	1,741,811
b. Due to Interest on the Unfunded Liability		3,210,513
c. City and State Contributions**		(6,617,362)
d. Due to Interest on City and State Contributions		(259,602)
e. Total Expected Change	\$	<u>(1,924,640)</u>
3. Expected Unfunded Accrued Liability as of October 1, 2016	\$	38,206,771
4. Change in Unfunded Liability During the 2015/2016 Plan Year Due to:		
a. Method Changes	\$	0
b. Assumption Changes		3,420,062
c. Plan Amendments		0
d. Experience (Gain)/Loss		(231,471)
e. Total Change	\$	<u>3,188,591</u>
5. Actual Unfunded Accrued Liability as of October 1, 2016	\$	41,395,362
6. Development of Outstanding Amortization Obligations as of October 1, 2016		
a. Expected Outstanding Obligations as of October 1, 2016	\$	39,274,390
b. Assumption Changes		3,420,062
c. Plan Amendments		0
d. Experience (Gain)/Loss		(231,471)
e. (Gain)/Loss due to Contribution Timing		(1,067,619)
f. Total Outstanding Obligations as of October 1, 2016	\$	<u>41,395,362</u>
7. Items Affecting Calculation of Accrued Liability		
a. Plan provisions reflected in the accrued liability (see Table XII on page 37)		
b. Changes in plan provisions reflected in the accrued liability in 4.c. above (see Table XII on page 37)		
c. Actuarial assumptions and methods used to determine accrued liability (see Table XI on page 33)		
d. Changes in actuarial assumptions and methods reflected in items 4.a. and 4.b. above (see Table XI on page 33)		

* The normal cost represents the employer portion only, net of actual employee contributions and including actual administrative and investment expenses.

** City and State Contributions of \$6,860,349 less State Contributions reserved for future benefit improvements of -\$95,989 less one-time use of \$338,976 excess premium tax reserves (see Table VIc on page 21).

Gain and Loss Analysis (continued)

Table II

8. Expected Unfunded Accrued Liability Contribution Rate as of September 30, 2016		58.89%
9. Net Actuarial (Gains)/Losses During the 2015/2016 Plan Year		
a. Due to Salary/Service/Data	(0.33%)	
b. Due to Investment Performance	(0.57%)	
c. Due to Mortality	0.21%	
d. Due to Turnover/Retirements	0.53%	
e. Due to Difference and Timing in Contributions	(1.06%)	
f. Due to New Members	0.01%	
g. Total		(1.21%)
10. Change in Unfunded Accrued Liability Rate During the 2015/2016 Plan Year Due to:		
a. Decrease in payroll growth assumption	0.00%	
b. Assumption changes	3.65%	
c. Plan amendments	0.00%	
d. Total Change		3.65%
11. Other Effects		1.50%
12. Unfunded Accrued Liability Contribution Rate as of October 1, 2016		62.83%
13. Comments on Change in Unfunded Accrued Liability Contribution Rate:		

Salary/Service/Data: Average pensionable salary increases of 2.19% compared to expected increases of 6.56%.

Investment Performance: 8.35% actual vs. 8.00% expected return on the actuarial value of assets.

Mortality: Net effect on the valuation liabilities of actual deaths different from what was anticipated in the aggregate by the assumptions.

Due to turnover/retirements: Net effect on valuation liabilities of actual terminations of employment, retirements (including DROP), and disabilities different from what was anticipated in the aggregate by the assumptions.

Due to Differences and Timing of Contributions: Due to the one year lag of when the required contribution is determined and when it is deposited into the Plan's assets.

Assumption changes: The assumed rates of retirement and termination were changed in accordance with the results of an experience study; assumed rates of mortality were updated to the prescribed mortality basis under sections 112.63 and 112.64, Florida Statutes; and the salary scale assumption was updated to reflect changes to the salary structure under the most recent collective bargaining agreement.

Plan amendments: None.

Other effects: Overall payroll increases and adjustments in the amortization of the unfunded actuarial accrued liability.

Present Value of Accrued Benefits

Table III

1. Actuarial Present Value of Accrued Benefits

	October 1, 2015	October 1, 2016
a. Vested Accrued Benefits:		
i. Inactive members and beneficiaries	\$ 115,689,190	\$ 122,805,583
ii. Active members	8,576,983	10,495,725
iii. Sub-total	<u>\$ 124,266,173</u>	<u>\$ 133,301,308</u>
b. Non-vested Accrued Benefits	<u>8,023,173</u>	<u>6,285,911</u>
c. Total Benefits	\$ 132,289,346	\$ 139,587,219
d. Market Value of Assets	\$ 91,466,381	\$ 94,383,506
e. Percentage Funded	69.1%	67.6%
f. Interest Rate	8.00%	8.00%

2. Statement of Changes in Total Actuarial Present Value of All Accrued Benefits

a. Actuarial Present Value as of October 1, 2015	\$ 132,289,346
b. Increase (Decrease) During 2015/2016 Plan Year Attributable to:	
i. Interest	\$ 10,193,894
ii. Benefits accumulated	3,361,264
iii. Benefits paid	(9,731,347)
iv. Plan amendments	0
v. Changes in actuarial assumptions or methods	<u>3,474,062</u>
vi. Net increase (decrease)	\$ 7,297,873
c. Actuarial Present Value as of October 1, 2016	\$ 139,587,219

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

- a. Plan provisions reflected in the accrued benefits (see Table XII page 37)
- b. Changes in plan provisions reflected in the accrued liability in 2.b.iv. above (see Table XII on page 37)
- c. Actuarial assumptions and methods used to determine present values (see Table XI on page 33)
- d. Changes in actuarial assumptions and methods reflected in item 2.b.v. above (see Table XI on page 33)

Information Req. by Florida Statute (Chap. 112)

Table IV

				October 1, 2016		
				Police	Firefighters	Total
1. Participant Data						
a. Active members:						
i. Number		77		0		77
ii. Total annual payroll	\$	5,960,249	\$	0	\$	5,960,249
iii. Valuation annual payroll		6,381,893		0		6,381,893
b. DROP members						
i. Number	\$	27	\$	0	\$	27
ii. Total annualized benefit		1,773,493		0		1,773,493
iii. Accumulated balances		8,460,204		0		8,460,204
c. Retired members and beneficiaries:						
i. Number		110		14		124
ii. Total annualized benefit (excludes iii. below)	\$	6,400,929	\$	606,136	\$	7,007,065
iii. 9.5% benefit increase		n/a		53,606		53,606
d. Disabled members receiving benefits:						
i. Number		6		0		6
ii. Total annualized benefit	\$	122,012	\$	0	\$	122,012
e. Terminated vested members:						
i. Number		0		0		0
ii. Total annualized benefit	\$	0	\$	0	\$	0
2. Assets						
a. Actuarial Value of Assets (allocated)	\$	97,494,249	\$	3,090,519	\$	100,584,768
b. Market Value of Assets						94,383,506
3. Liabilities						
a. Present value of all future expected benefit payments:						
i. Active members:						
Retirement benefits	\$	26,388,848	\$	0	\$	26,388,848
Vesting benefits		1,753,732		0		1,753,732
Disability benefits		1,510,541		0		1,510,541
Death benefits		197,117		0		197,117
Return of member contributions		(910,108)		0		(910,108)
Sub-total	\$	28,940,130	\$	0	\$	28,940,130
ii. DROP members	\$	32,539,395	\$	0	\$	32,539,395
iii. Terminated vested members	\$	0	\$	0	\$	0
iv. Retired members and beneficiaries:						
Retired (other than disabled) and beneficiaries	\$	84,607,035	\$	4,660,621	\$	89,267,656
Disabled members		998,532		0		998,532
Sub-total	\$	85,605,567	\$	4,660,621	\$	90,266,188
v. Total present value of all prospective benefits	\$	147,085,092	\$	4,660,621	\$	151,745,713

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

	October 1, 2016		
	Police	Firefighters	Total
b. Liabilities due and unpaid	\$ 0	\$ 0	\$ 0
c. Actuarial accrued liability	\$ 137,319,509	\$ 4,660,621	\$ 141,980,130
d. Unfunded actuarial accrued liability	\$ 39,825,260	\$ 1,570,102	\$ 41,395,362
4. Actuarial Present Value of Accrued Benefits (refer to Table IV for further details)	\$ 134,926,598	\$ 4,660,621	\$ 139,587,219
5. Pension Cost			
a. Normal cost plus interest for monthly payments			
Retirement benefits	\$ 1,173,502	\$ 0	\$ 1,173,502
Vesting benefits	169,634	0	169,634
Disability benefits	178,170	0	178,170
Death benefits	17,433	0	17,433
Return of member contributions	0	0	0
Total normal cost	\$ 1,538,739	\$ 0	\$ 1,538,739
Administrative expenses	664,195	22,543	686,738
Interest for monthly payments	86,423	884	87,307
Total normal cost including administrative expenses	2,289,357	23,427	2,312,784
As a % of valuation payroll			36.24%
b. Payment to amortize unfunded liability	\$ 3,959,460	\$ 207,311	\$ 4,166,771
As a % of valuation payroll			65.29%
c. Expected State Contribution	\$ 294,064	\$ 68,806	\$ 362,870
As a % of valuation payroll			5.69%
d. Amount to be contributed by members	\$ 708,390	\$ 0	\$ 708,390
As a % of valuation payroll			11.10%
e. Expected City Contribution:	\$ 5,246,363	\$ 161,932	\$ 5,408,295
As a % of valuation payroll			84.74%
g. Expected City Contribution for the following fiscal year:	\$ 5,403,754	\$ 166,790	\$ 5,570,544
6. Past Contributions (for year ending September 30, 2016)			
a. Required Employer and State contribution	\$ 5,774,215	\$ 239,003	\$ 6,013,218
b. Actual contribution made by:			
i. Employer			\$ 6,254,492
ii. State			362,870
iii. Members			692,487

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

	October 1, 2016		
	Police	Firefighters	Total
7. Net actuarial (gain)/loss	\$ (1,365,174)	\$ 66,084	\$ (1,299,090)
8. Other disclosures			
a. Present value of active members':			
i. Future salaries:			
at attained age	\$ 47,150,962	\$ 0	\$ 47,150,962
at entry age	n/a	n/a	n/a
ii. Future contributions:			
at attained age	\$ 5,233,757	\$ 0	\$ 5,233,757
at entry age	n/a	n/a	n/a
b. Present value of future contributions from City and State	\$ 4,531,826	\$ 0	\$ 4,531,826
c. Present value of future expected benefit payments for active members at entry age	n/a	n/a	n/a
d. Amount of active members' accumulated contributions	\$ 6,599,688	\$ 0	\$ 6,599,688

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

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

Information Ret. by Florida Statute (Chap. 112) (continued)

Table IV

October 1, 2015				
	Police	Firefighters	Total	
b. Liabilities due and unpaid	\$ 0	\$ 0	\$ 0	
c. Actuarial accrued liability	\$ 131,096,533	\$ 4,548,684	\$ 135,645,217	
d. Unfunded actuarial accrued liability	\$ 38,789,908	\$ 1,341,503	\$ 40,131,411	
4. Actuarial Present Value of Accrued Benefits (refer to Table IV for further details)	\$ 127,740,662	\$ 4,548,684	\$ 132,289,346	
5. Pension Cost				
a. Normal cost plus interest for monthly payments				
Retirement benefits	\$ 1,343,660	\$ 0	\$ 1,343,660	
Vesting benefits	73,110	0	73,110	
Disability benefits	158,561	0	158,561	
Death benefits	14,666	0	14,666	
Return of member contributions	0	0	0	
Total normal cost	<u>\$ 1,589,997</u>	<u>\$ 0</u>	<u>\$ 1,589,997</u>	
Administrative expenses	633,727	21,989	655,716	
Interest for monthly payments	87,238	862	88,100	
Total normal cost including administrative expenses	<u>\$ 2,310,962</u>	<u>\$ 22,851</u>	<u>\$ 2,333,813</u>	
As a % of valuation payroll			36.50%	
b. Payment to amortize unfunded liability	\$ 3,732,632	\$ 181,354	\$ 3,913,986	
As a % of valuation payroll			61.21%	
c. Expected State Contribution	\$ 265,443	\$ 66,280	\$ 331,723	
As a % of valuation payroll			5.19%	
d. Amount to be contributed by members	\$ 709,829	\$ 0	\$ 709,829	
As a % of valuation payroll			11.10%	
e. Expected City Contribution:	\$ 5,068,322	\$ 137,925	\$ 5,206,247	
As a % of valuation payroll			81.42%	
g. Expected City Contribution for the following fiscal year:	\$ 5,220,372	\$ 142,063	\$ 5,362,434	
6. Past Contributions (for year ending September 30, 2015)				
a. Required Employer and State contribution	\$ 5,707,031	\$ 249,267	\$ 5,956,298	
b. Actual contribution made by:				
i. Employer			\$ 6,498,316	
ii. State			331,723	
iii. Members			669,356	

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

Table IV

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

Projection of Benefit Payments

Table IVa

Fiscal Year Beginning	Emerging Retirees	Retired Members	Total
2016	\$ 128,100	\$ 8,243,268	\$ 8,371,368
2017	234,422	10,509,083	10,743,505
2018	295,539	10,196,474	10,492,013
2019	423,011	8,544,029	8,967,041
2020	477,694	13,683,936	14,161,630
2021	512,461	11,149,377	11,661,838
2022	562,276	9,430,831	9,993,108
2023	584,741	13,111,175	13,695,916
2024	1,376,959	9,372,207	10,749,165
2025	3,146,316	9,439,238	12,585,553
2026	2,806,210	9,495,062	12,301,272
2027	6,003,263	9,531,284	15,534,547
2028	2,265,043	9,559,483	11,824,526
2029	3,917,473	9,589,016	13,506,489
2030	2,133,983	9,575,234	11,709,217

Unfunded Liability Bases

Table V

Description	Outstanding Balance as of October 1, 2015	2015/2016 Amortization Payment	Outstanding Balance as of October 1, 2016	2016/2017 Amortization Payment	Years Remaining October 1, 2016
Police Officers					
1. 10/1/1989 Unfunded Liability	\$ 2,122,533	\$ 568,937	\$ 1,677,884	\$ 586,006	3
2. 10/1/1990 Actuarial Losses	1,830,573	401,619	1,543,270	413,668	4
3. 10/1/1991 Actuarial Gains	(3,240,286)	(606,005)	(2,845,023)	(624,185)	5
4. 10/1/1992 Actuarial Gains	(870,985)	(142,798)	(786,442)	(147,082)	6
5. 10/1/1993 Actuarial Gains	(1,769,859)	(259,623)	(1,631,055)	(267,412)	7
6. 10/1/1994 Actuarial Losses	2,293,339	305,720	2,146,629	314,892	8
7. 10/1/1994 Plan Amendment	784,574	104,590	734,383	107,728	8
8. 10/1/1995 Actuarial Gains	(3,645,143)	(447,029)	(3,453,963)	(460,440)	9
9. 10/1/1995 Assumption Change	1,433,569	175,809	1,358,381	181,083	9
10. 10/1/1996 Actuarial Gains	(403,094)	(45,928)	(385,739)	(47,306)	10
11. 10/1/1996 Assumption Change	(184,874)	(21,064)	(176,915)	(21,696)	10
12. 10/1/1996 Plan Amendment	10,540,684	1,200,993	10,086,865	1,237,023	10
13. 10/1/1997 Actuarial Gains	(1,612,075)	(172,041)	(1,555,237)	(177,202)	11
14. 10/1/1997 Plan Amendment	4,099,436	437,492	3,954,900	450,617	11
15. 10/1/1997 Assumption Change	(7,093,093)	(756,975)	(6,843,007)	(779,684)	11
16. 10/1/1998 Actuarial Losses	343,135	34,533	333,290	35,569	12
17. 10/1/1998 Plan Amendment	1,420,063	142,914	1,379,321	147,201	12
18. 10/1/1999 Actuarial Gains	(1,122,635)	(107,158)	(1,096,715)	(110,372)	13
19. 10/1/2000 Actuarial Losses	1,594,510	145,068	1,565,397	149,420	14
20. 10/1/2001 Actuarial Losses	13,985,334	1,217,960	13,788,763	1,254,498	15
21. 10/1/2001 Assumption Change	1,917,025	166,951	1,890,080	171,959	15
22. 10/1/2001 Methodology Change	(12,486,017)	(1,087,387)	(12,310,521)	(1,120,008)	15
23. 10/1/2001 Plan Amendment - Police	(106,073)	(9,238)	(104,582)	(9,515)	15
24. 10/1/2002 Actuarial Losses	9,517,401	796,369	9,418,714	820,260	16
25. 10/1/2002 Assumption Change	4,387,627	367,135	4,342,131	378,149	16
26. 10/1/2003 Actuarial Gains	(1,505,462)	(121,431)	(1,494,753)	(125,074)	17
27. 10/1/2003 Plan Amendment - Police	1,592,047	128,415	1,580,723	132,267	17
28. 10/1/2004 Plan Amendment - Police	244,593	19,073	243,562	19,646	18
29. 10/1/2004 Plan Amendment - Police	491,702	38,343	489,628	39,493	18
30. 10/1/2004 Assumption Change	741,833	57,848	738,704	59,584	18
31. 10/1/2004 Actuarial Losses	6,992,929	545,311	6,963,426	561,671	18
32. 10/1/2005 Actuarial Losses	3,118,663	235,726	3,113,572	242,798	19
33. 10/1/2005 Methodology Change	964,466	72,900	962,891	75,087	19
34. 10/1/2006 Assumption Change	664,214	48,776	664,673	50,240	20
35. 10/1/2006 Actuarial Losses	1,986,839	145,903	1,988,211	150,280	20
36. 10/1/2007 Assumption Change	(412,454)	(29,488)	(413,603)	(30,373)	21
37. 10/1/2007 Actuarial Gains	(1,454,369)	(103,979)	(1,458,421)	(107,099)	21
38. 10/1/2008 Actuarial Losses	2,092,120	145,899	2,101,919	150,276	22
39. 10/1/2009 Actuarial Losses	3,081,470	209,971	3,101,219	216,270	23
40. 10/1/2010 Actuarial Gains	(486,680)	(32,453)	(490,565)	(33,427)	24
41. 10/1/2010 Assumption Change	(1,119,154)	(74,629)	(1,128,087)	(76,868)	24
42. 10/1/2011 Actuarial Losses	1,368,496	89,433	1,381,388	92,116	25
43. 10/1/2012 Actuarial Losses	257,863	16,537	260,632	17,033	26
44. 10/1/2012 Assumption Change	4,458,905	285,945	4,506,797	294,524	26
45. 10/1/2013 Actuarial Gains	(2,303,722)	(145,147)	(2,331,261)	(149,502)	27
46. 10/1/2014 Actuarial Gains	(3,207,126)	(198,746)	(3,249,050)	(204,708)	28
47. 10/1/2015 Actuarial Gains	(553,918)	(33,797)	(561,731)	(34,810)	29
48. 10/1/2015 Plan Amendment	(1,959,016)	(119,527)	(1,986,648)	(123,113)	29
49. 10/1/2016 Actuarial Gains	0	0	(1,365,174)	(83,294)	30
50. 10/1/2016 Assumption Change	0	0	3,176,399	193,804	30
Total - Police Officers	\$ 38,789,908	\$ 3,591,727	\$ 39,825,260	\$ 3,809,992	

Unfunded Liability Bases (continued)

Table Va

Description	Outstanding Balance as of October 1, 2015	2015/2016 Amortization Payment	Outstanding Balance as of October 1, 2016	2016/2017 Amortization Payment	Years Remaining October 1, 2016
Firefighters*					
1. 10/1/2016 Unfunded Liability	1,466,841	190,813	1,260,355	160,131	9.5600
2. 10/1/2016 Actuarial Loss	0	0	66,084	8,396	9.5600
3. 10/1/2016 Actuarial Gains	(125,338)	(16,305)	0	0	9.5600
4. 10/1/2016 Assumption Change	0	0	243,663	30,958	9.5600
Total - Firefighters	\$ 1,341,503	\$ 174,508	\$ 1,570,102	\$ 199,485	
Grand Total	\$ 40,131,411	\$ 3,766,235	\$ 41,395,362	\$ 4,009,477	

Date	Projected Unfunded Liability
October 1, 2016	\$ 41,395,362
October 1, 2017	40,376,756
October 1, 2018	39,146,754
October 1, 2045	0

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

Assets

Table VI

	October 1, 2015	October 1, 2016
1. Market Value of Assets*		
a. Cash and cash equivalents (5.4%)	\$ 2,512,794	\$ 5,039,620
b. U.S. government bonds & notes (19.8%)	\$ 24,982,486	18,666,810
c. Corporate bonds (7.8%)	\$ 3,203,792	7,318,656
d. Equities (54.7%)	\$ 46,666,794	51,618,513
e. Insurance contracts (0.0%)	0	0
f. Real estate (5.8%)	5,197,461	5,574,160
g. Mortgages/loans (0.0%)	0	0
h. Other assets (6.7%)	8,570,667	6,314,831
i. Accrued income receivable (0.2%)	207,804	153,030
j. Supplemental state contribution receivable (0.1%)	122,990	62,767
k. Other receivables (0.0%)	0	0
l. Benefits payable (0.0%)	0	0
m. Other payables (-0.6%)	(122,317)	(583,465)
n. Excess state contributions (Police) (0.0%)	0	0
o. Member contributions receivable (0.2%)**	123,910	218,584
p. Market Value of Assets	\$ 91,466,381	\$ 94,383,506

* The percentages in parentheses indicate the proportion of assets committed to each type of investment as of October 1, 2016.

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

Asset Reconciliation

Table VIa

Year Ending	September 30, 2015	September 30, 2016
1. Market Value of Assets as of the beginning of the year	\$ 93,757,936	\$ 91,466,381
2. Adjustment for Police Officers' State Premium Tax Reserve:	\$ 73,787	\$ 0
3. Increases Due to:		
a. Contributions:		
i. Employer	\$ 6,498,316	\$ 6,254,492
ii. Members	669,356	692,487
iii. State 185	284,978	294,064
iv. State 175 regular	282,266	249,026
v. State 175 supplemental	122,990	62,767
vi. Total	\$ 7,857,906	\$ 7,552,836
b. Investment income (interest and dividends)	2,186,297	2,126,035
c. Realized and unrealized gains/(losses)	(4,637,160)	3,551,312
d. Other Income	7,007	31,491
e. Total increases	\$ (2,443,856)	\$ 5,708,838
4. Decreases Due to:		
a. Benefit payments annuities	\$ (7,071,026)	\$ (7,237,241)
b. Benefit payments DROP distributions	(14,821)	(2,489,990)
b. Refund of member contributions	(43,464)	(4,116)
c. Investment expenses	(473,788)	(470,471)
d. Administrative expenses	(227,726)	(237,405)
e. Adjustment	0	0
f. Total decreases	\$ (7,830,825)	\$ (10,439,223)
5. Member Contribution Receivable:*	\$ 51,433	\$ 94,674
6. Market Value of Assets as of the end of the year	\$ 91,466,381	\$ 94,383,506

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

Reconciliation of DROP Accounts

Table VIb

Year Ending	September 30, 2015	September 30, 2016
1. Market Value of Assets as of the beginning of the year	\$ 6,524,255	\$ 8,697,060
2. Increases Due to:		
a. Contributions to DROP Accounts	\$ 1,598,338	\$ 1,624,724
b. Investment Return	589,288	628,410
c. Total increases	\$ 2,187,626	\$ 2,253,134
3. Decreases Due to:		
a. Pension Payments	\$ (14,821)	\$ (2,489,990)
b. Expense Charges	0	0
c. Total decreases	\$ (14,821)	\$ (2,489,990)
4. Market Value of Assets as of the end of the year	\$ 8,697,060	\$ 8,460,204

Use of State Premium Tax Contributions

Table VIc

Year Ending	September 30, 2015	September 30, 2016
Total		
1. Accumulated balance at the beginning of the year	\$ 475,780	\$ 287,697
2. State Contributions	690,234	605,857
3. One-time use for benefit improvements	(546,594)	(338,976)
4. Amount to be used by the City	(331,723)	(362,870)
5. Increase in accumulated balance during the year	<u>(188,083)</u>	<u>(95,989)</u>
6. Accumulated balance at the end of the year (1. + 5.)	\$ 287,697	\$ 191,708
Police Officers		
1. Accumulated balance at the beginning of the year	\$ 73,787	\$ 0
2. State Contributions	284,978	294,064
3. One-time use for benefit improvements	(93,322)	0
4. Amount to be used by the City	(265,443)	(294,064)
5. Increase in accumulated balance during the year	<u>(73,787)</u>	<u>0</u>
6. Accumulated balance at the end of the year (1. + 5.)	\$ 0	\$ 0
Firefighters		
1. Accumulated balance at the beginning of the year	\$ 401,993	\$ 287,697
2. State Contributions	405,256	311,793
3. One-time use for benefit improvements	(453,272)	(338,976)
4. Amount to be used by the City	(66,280) *	(68,806) **
5. Increase in accumulated balance during the year	<u>(114,296)</u>	<u>(95,989)</u>
6. Accumulated balance at the end of the year (1. + 5.)	\$ 287,697	\$ 191,708

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

**1998 Base amount of \$155,242 less 2.0% COLA of \$86,436 that is now distributed as a Share Plan allocation.

Actuarial Value of Assets

Table VI d

	2015	2016
1. Beginning of Year Assets		
a. Market Value excluding receivable member contribution	\$ 93,831,723 *	\$ 91,466,381
b. Actuarial Value	87,824,103	95,513,806
2. Net Cash Flow		
(Contributions less Benefit Payments and Administrative Expenses)	\$ 500,869	\$ (2,415,916)
3. Gain (Loss) on Investments		
a. Actual Net Investment Earnings (Investment Earnings less Investment Related Expenses)	\$ (2,917,644)	\$ 5,238,367
b. Expected Investment Earnings	7,520,284	7,222,533
c. Net gain (loss)	\$ (10,437,928)	\$ (1,984,166)
4. Deferral of Gain / (Loss) Recognition in Actuarial Value		
	<u>Total Gain / (Loss)</u>	<u>Amount Deferred</u>
2012	\$ 7,182,770	\$ 1,436,554
2013	3,929,849	\$ 785,970
2014	1,677,876	671,150
2015	(10,437,928)	(6,262,757)
2016	(1,984,166)	(1,587,333)
	\$ (4,335,122)	\$ (6,392,970)
5. End of Year Assets		
a. Market Value excluding receivable member contribution	\$ 91,414,948	\$ 94,288,832
b. Actuarial Value (prior to the application of the 80%/120% corridor and the reduction for state reserve) (5.a. - 4.)	\$ 95,750,070	\$ 100,681,802
6. Adjustments to Actuarial Value of Assets		
a. Preliminary Actuarial Value	\$ 95,750,070	\$ 100,681,802
b. After 80%/120% corridor	95,750,070	100,681,802
c. Premium Tax Revenue Reserve for Firefighters	(287,697)	(191,708)
d. Member receivable contribution**	51,433	94,674
e. Final Actuarial Value of Assets	\$ 95,513,806	\$ 100,584,768

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

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

Actuarial Value of Assets (continued)

Table VI d

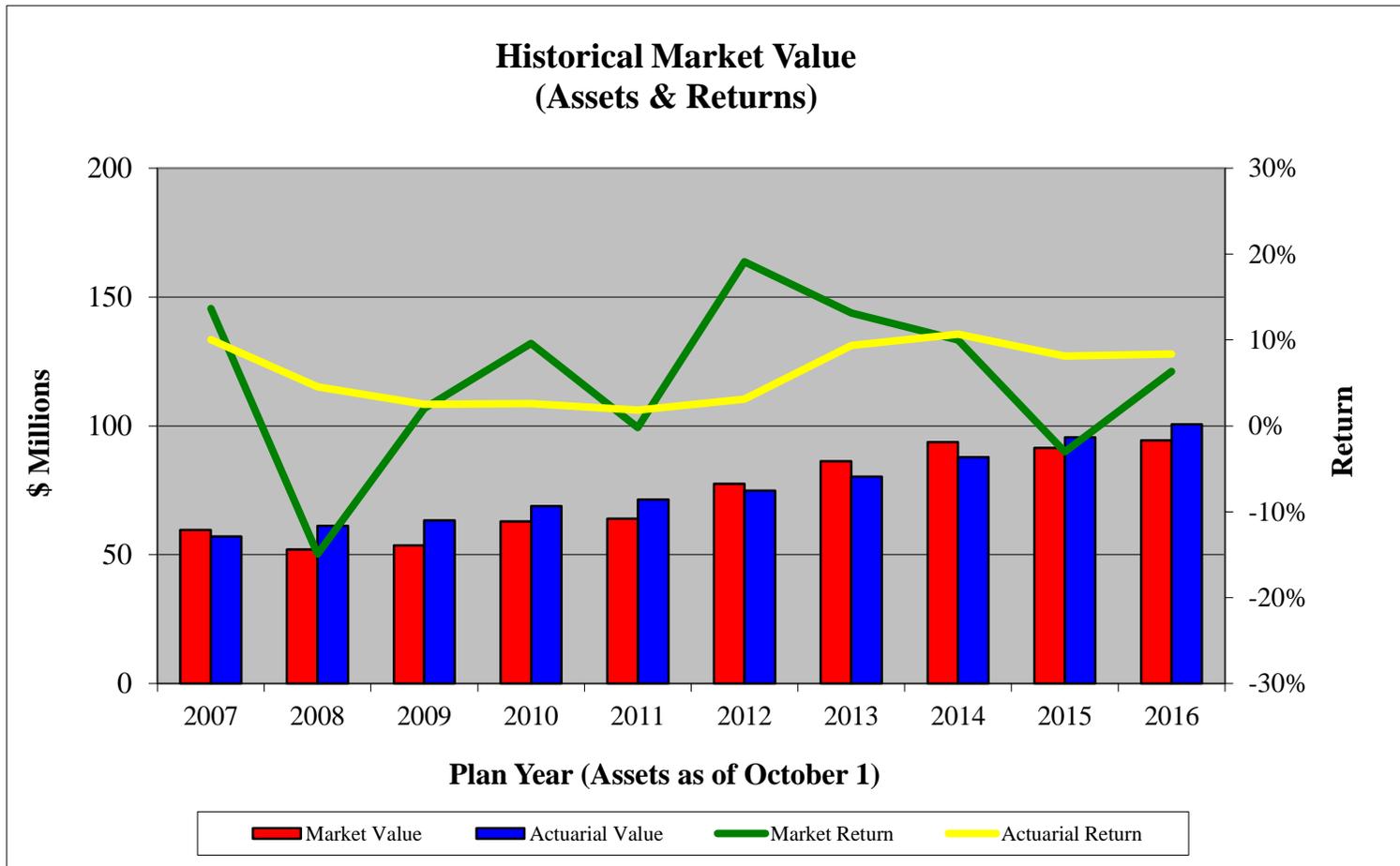
	Total	Police Officers	Firefighters
1. Beginning of Year Assets			
a. Actuarial Value of Assets (AVA)	\$ 95,513,806	\$ 92,306,625	\$ 3,207,181
b. State Premium Tax Reserve	287,697	0	287,697
c. AVA Before Reserve	\$ 95,801,503	\$ 92,306,625	\$ 3,494,878
2. Net Cash Flow			
a. Contributions	\$ 7,552,836	\$ 7,059,689	\$ 493,147
b. Benefit Payments/Refunds	(9,731,347)	(8,783,908)	(947,439)
c. Administrative Expenses*	(237,405)	(228,744)	(8,661)
d. Net Cash Flow	\$ (2,415,916)	\$ (1,952,963)	\$ (462,953)
3. Expected Return on AVA	\$ 7,569,343	\$ 7,307,914	\$ 261,428
4. Expected Actuarial Value of Assets			
a. Beginning of Year AVA	\$ 95,801,503	\$ 92,306,625	\$ 3,494,878
b. Net Cash Flow	(2,415,916)	(1,952,963)	(462,953)
c. Expected Return on AVA	7,569,343	7,307,914	261,428
d. Allocation Basis	\$ 100,954,930	\$ 97,661,576	\$ 3,293,353
5. Allocation Percentage		96.74%	3.26%
6. Ending Actuarial Value of Assets			
a. Allocated AVA before Reserve	\$ 100,681,802	\$ 97,399,575	\$ 3,282,227
State Premium Tax Reserve for			
b. Firefighters	(191,708)	0	(191,708)
c. Member receivable contribution**	94,674	94,674	0
d. Allocated AVA	\$ 100,584,768	\$ 97,494,249	\$ 3,090,519

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

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

Historical Asset Information

Table VII



Plan Year Ending	Market Value as of October 1	Actuarial Value as of October 1	Benefit Payments*	Administrative Expenses	Investment Advisory Fees	City, State, and Member Contributions	Market Value Return**	Actuarial Value Return**
2006	\$ 51,526,542	\$ 50,986,184	\$ 4,607,629	\$ 165,628	\$ 127,769	\$ 5,169,862	6.68%	7.22%
2007	59,522,031	57,039,854	4,503,688	146,133	124,497	5,538,208	13.68%	10.04%
2008	51,978,183	61,127,239	4,656,531	166,781	200,244	6,276,759	-14.93%	4.56%
2009	53,640,052	63,273,036	5,318,712	166,706	232,412	6,092,978	2.02%	2.50%
2010	62,884,072	68,869,580	5,200,967	232,574	296,395	9,343,868	9.59%	2.59%
2011	63,992,342	71,366,639	5,640,779	203,993	342,609	7,081,199	-0.20%	1.81%
2012	77,518,560	74,792,748	6,586,891	198,340	371,935	7,963,084	19.12%	3.12%
2013	86,242,705	80,343,929	9,209,067	188,140	415,157	8,043,139	13.15%	9.34%
2014	93,757,936	87,824,103	8,827,646	179,329	446,619	7,987,742	9.98%	10.68%
2015	91,466,381	95,513,806	7,129,311	227,726	473,788	7,909,339	-3.03%	8.12%
2016	94,383,506	100,584,768	9,731,347	237,405	470,471	7,647,510	6.34%	8.35%

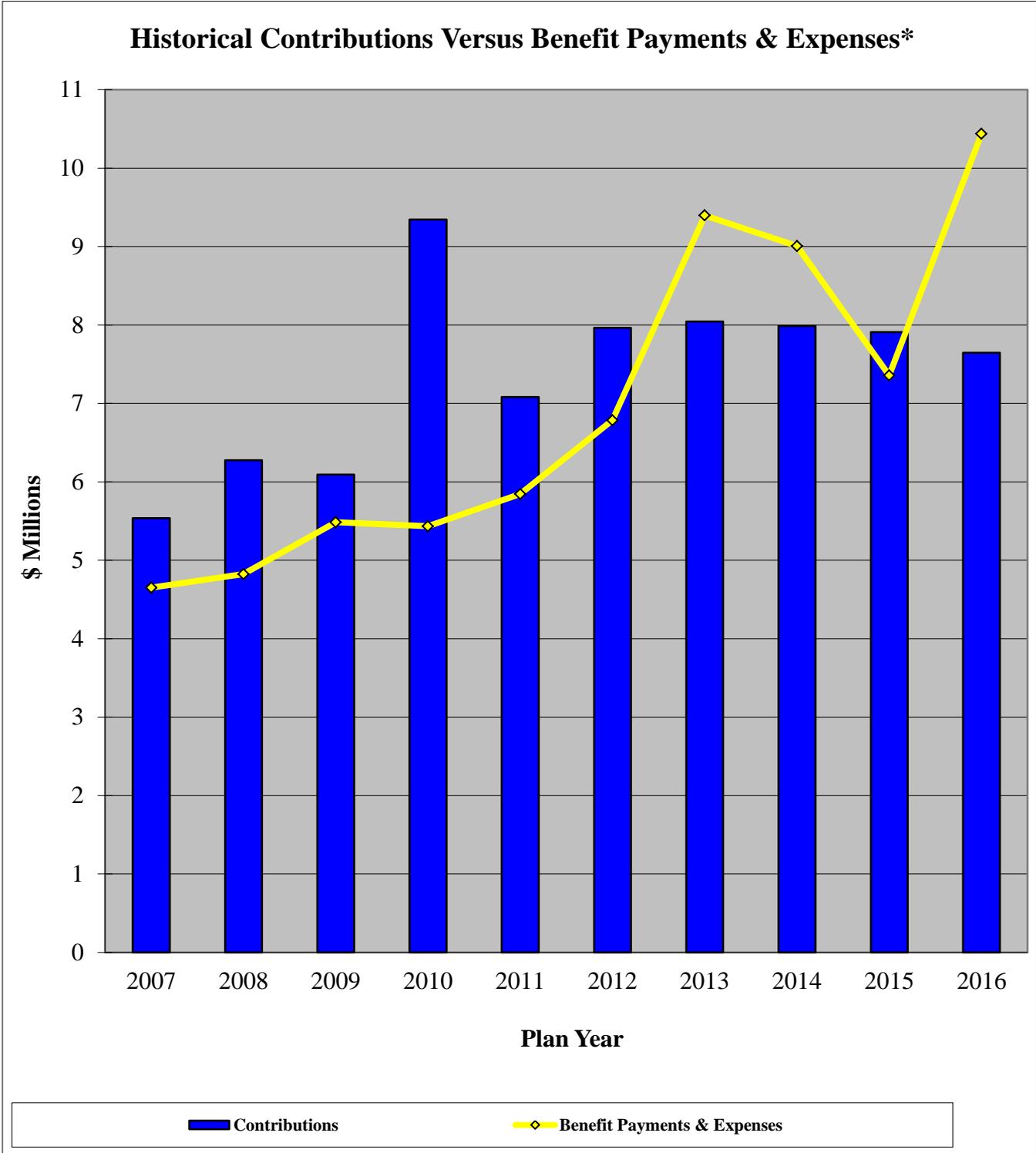
* Includes contributions refunded.

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

Revenues by Source and Expenses by Type Table VIIa

REVENUES						
Fiscal Year	City Contrib.	State Contrib.	Member Contrib.	Total Contrib.	Net Invest. Income	Total
2007	\$ 3,656,025	\$ 568,850	\$ 1,313,333	\$ 5,538,208	\$ 2,723,077	\$ 8,261,285
2008	4,338,288	759,296	1,179,175	6,276,759	6,542,042	12,818,801
2009	4,561,594	536,174	995,210	6,092,978	(8,151,408)	(2,058,430)
2010	7,571,660	547,236	1,224,972	9,343,868	5,135,158	14,479,026
2011	5,382,573	614,928	1,083,698	7,081,199	(144,321)	6,936,878
2012	5,749,099	718,240	1,495,745	7,963,084	12,341,735	20,304,819
2013	6,079,918	717,632	1,245,589	8,043,139	9,950,833	17,993,972
2014	6,357,669	781,847	848,226	7,987,742	8,981,083	16,968,825
2015	6,498,316	690,234	720,789	7,909,339	(2,443,856)	5,465,483
2016	6,254,492	605,857	787,161	7,647,510	5,708,838	13,356,348

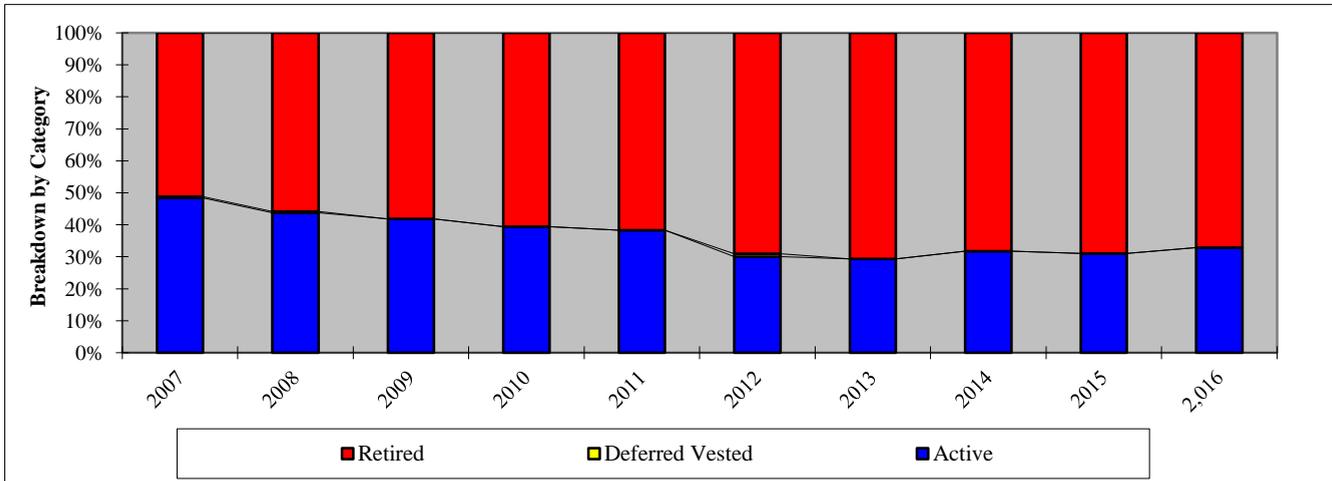
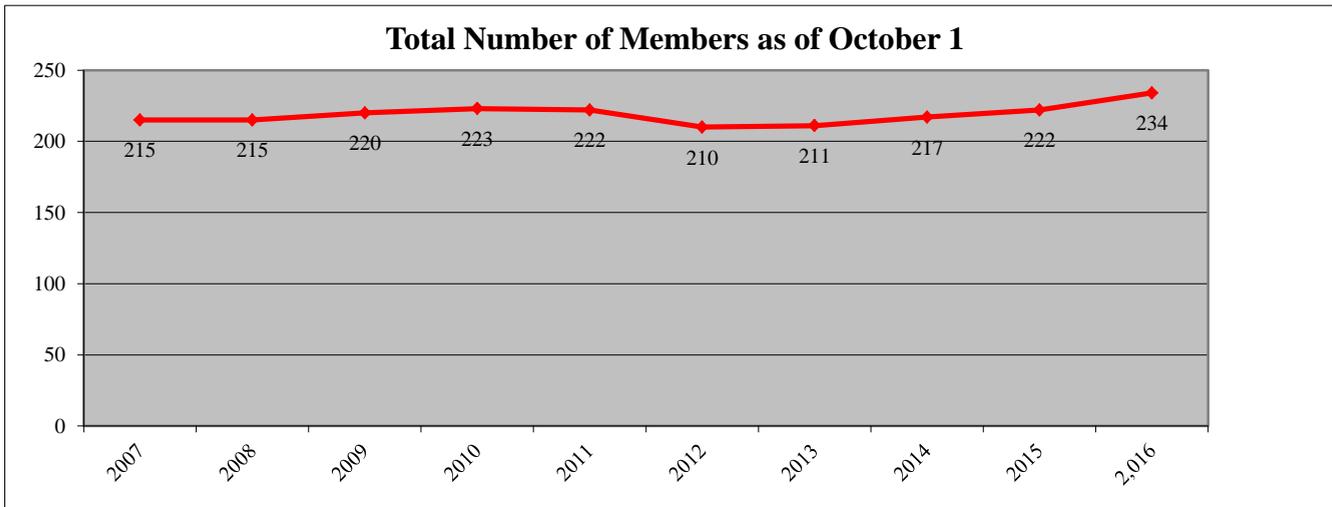
EXPENSES				
Fiscal Year	Benefits Paid	Member Refunds	Administrative/ Investment Advisory Fees	Total
2007	\$ 4,503,688	\$ 0	\$ 270,630	\$ 4,774,318
2008	4,625,597	30,934	367,025	5,023,556
2009	5,222,084	96,628	399,118	5,717,830
2010	5,195,348	5,619	528,969	5,729,936
2011	5,580,205	60,574	546,602	6,187,381
2012	6,089,490	497,401	570,275	7,157,166
2013	9,157,859	51,208	603,297	9,812,364
2014	8,824,884	2,762	625,948	9,453,594
2015	7,085,847	43,464	701,514	7,830,825
2016	9,727,231	4,116	707,876	10,439,223



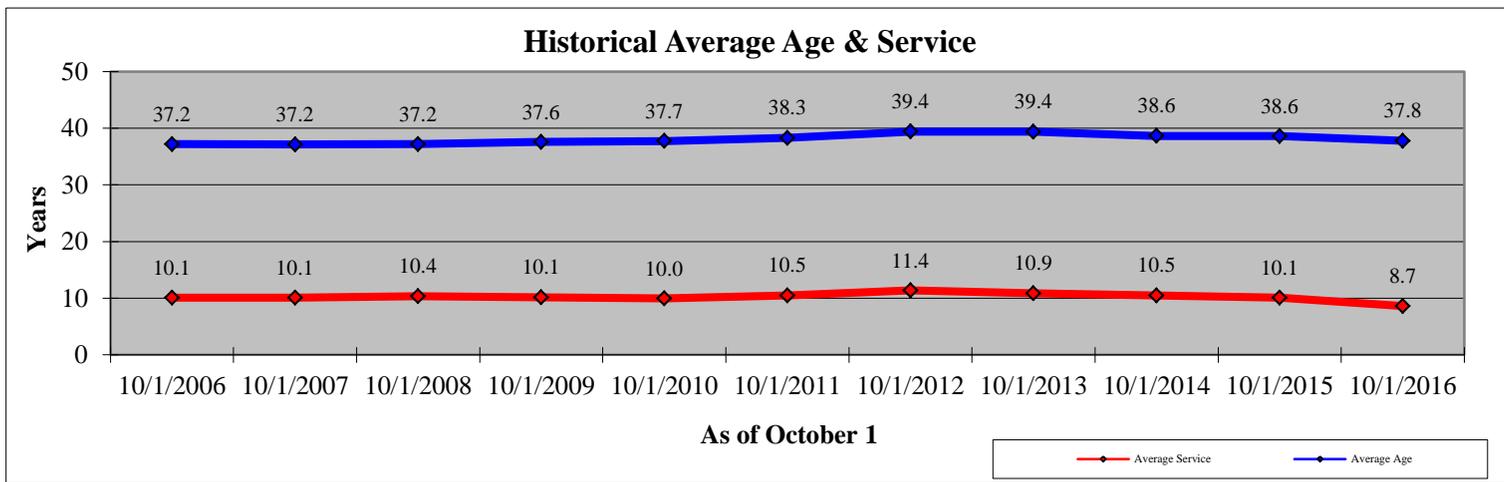
* Please reference Table VIIa on page 25 for the historical benefit payments, expenses, and contributions.

Summary of Member Data

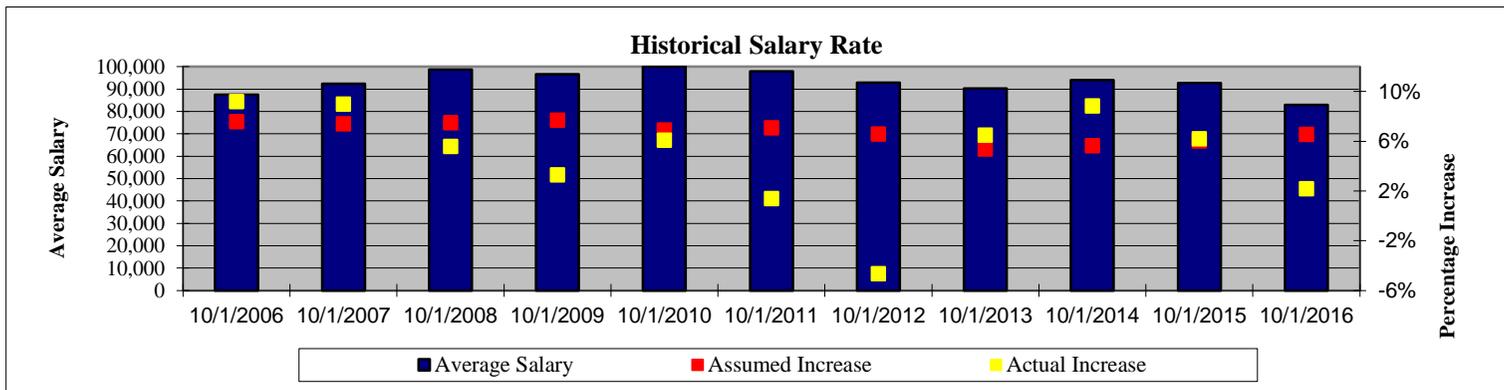
Table IX



	October 1, 2015	October 1, 2016
1. Active Members		
a. Police Officers	69	77
b. Firefighters	0	0
c. Sub-total	<u>69</u>	<u>77</u>
2. Inactive Members not in Receipt	0	0
3. Inactive Members in Receipt		
a. Retirees (including DROP)	136	138
b. Disabled	8	6
c. Beneficiaries	9	13
d. Sub-total	<u>153</u>	<u>157</u>
4. Total Members	222	234

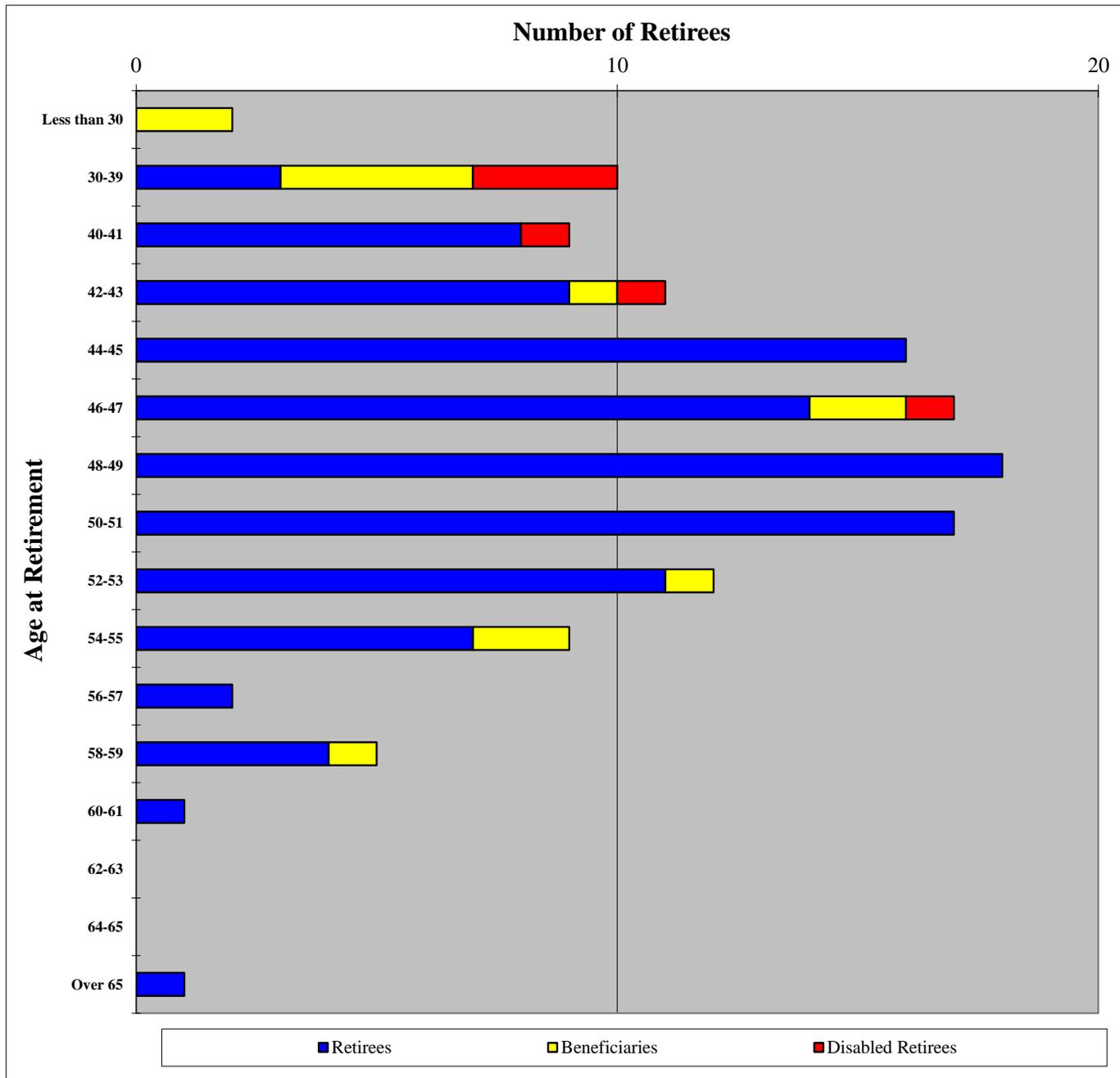


Date	Average Service	Average Age	Date	Average Service	Average Age
10/01/2007	10.1	37.2	10/01/2012	11.4	39.4
10/01/2008	10.4	37.2	10/01/2013	10.9	39.4
10/01/2009	10.1	37.6	10/01/2014	10.5	38.6
10/01/2010	10.0	37.7	10/01/2015	10.1	38.6
10/01/2011	10.5	38.3	10/01/2016	8.7	37.8



Date	Payroll for Fiscal Year	Average Salary	Assumed Salary Increase	Actual Salary Increase
10/01/2007	9,608,616	92,391	7.40%	9.00%
10/01/2008	9,286,431	98,792	7.50%	5.60%
10/01/2009	8,915,551	96,608	7.70%	3.30%
10/01/2010	8,798,930	99,988	6.90%	6.10%
10/01/2011	7,815,674	97,998	7.10%	1.40%
10/01/2012	5,855,524	92,945	6.60%	-4.65%
10/01/2013	5,597,265	90,278	5.40%	6.50%
10/01/2014	6,489,328	94,048	5.64%	8.85%
10/01/2015	6,394,859	92,679	6.03%	6.21%
10/01/2016	6,381,893	82,882	6.56%	2.19%

Note: As of September 30, 2006, there were 98 members earning benefits with a payroll of \$8,571,000 compared to 74 members earning benefits with a payroll of \$6,394,859 as of October 1, 2016. The growth in average payroll over the 10 year period is -0.12%.



	Police		Fire		Total	
	Avg. Age	Average Monthly Benefit	Avg. Age	Average Monthly Benefit	Avg. Age	Average Monthly Benefit
Non-Disabled Retirees	62.5	\$ 5,216.26	80.7	\$ 3,544.24	64.7	\$ 5,020.44
Disabled Retirees	67.0	1,694.61			67.0	1,694.61
Beneficiaries	59.1	1,851.45	80.2	4,436.25	60.7	2,050.28
All Retired Members	62.4	4,686.02	80.6	3,607.95	64.4	4,569.92

	Active	Non-active, Non-retired	DROP	Retired	Total
1. Number of members as of October 1, 2015	69	0	27	126	222
2. Change in status during the plan year:					
a. Actives who became inactive	(5)		5		
b. Actives who retired			(5)	5	
c. Inactives who became active					
d. Inactives who retired					
e. Retirees who became active					
3. No longer members due to:					
a. Death				(1)	(1)
b. Permanent break-in-service	(1)				(1)
c. Receipt of lump sum payment					
d. Expiration of certain period					
e. Included in error last year					
4. New member due to:					
a. Initial membership	14				14
b. Death of another member					
c. Excluded in error last year					
d. Reinstatement					
5. Number of members as of October 1, 2016	77	0	27	130	234

Age-Service-Salary Table

Table IXd

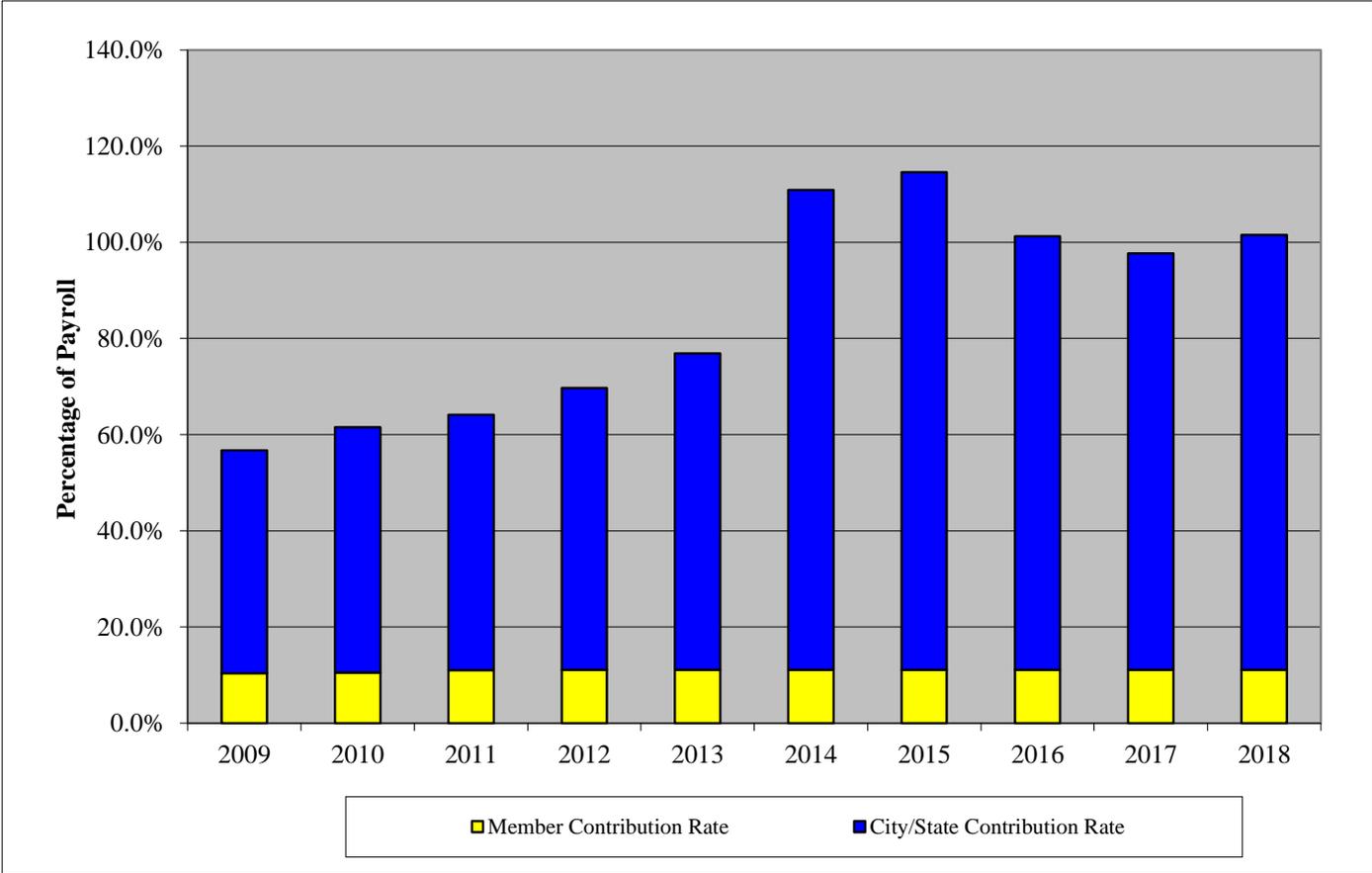
(All Active Members)

Attained Age	Completed Years of Service										
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	1	3									4
Avg. Pay	58,620	74,990									70,898
25 to 29	8	8									16
Avg. Pay	61,844	74,816									68,330
30 to 34	2	5		2							9
Avg. Pay	39,278	94,263		91,424							81,413
35 to 39	1	1	3	4	2						11
Avg. Pay	61,551	91,424	111,338	107,197	91,424						99,875
40 to 44		2		6	12	1					21
Avg. Pay		91,424		91,424	96,002	98,314					94,368
45 to 49	2	1	1	1	5						10
Avg. Pay	75,022	91,424	91,424	91,424	91,590						88,227
50 to 54		1	1	2	2						6
Avg. Pay		91,424	91,424	91,424	112,575						98,474
55 to 59											
Avg. Pay											
60 to 64											
Avg. Pay											
65 to 69											
Avg. Pay											
70 & up											
Avg. Pay											
Total	14	21	5	15	21	1					77
Avg. Pay	60,252	83,425	103,372	95,630	96,094	98,314					86,533

The average pay shown is the average of the annual rate of pay including any overtime pay.

Historical Contribution Rate

Table X



Fiscal Year Ending	Member Contribution Percentage	Expected City / State Contribution Percentage	Fiscal Year	Member Contribution Percentage	Expected City / State Contribution Percentage
2009	10.40%	46.30%	2014	11.10%	99.75%
2010	10.50%	51.00%	2015	11.10%	103.48%
2011	11.00%	53.10%	2016	11.10%	90.11%
2012	11.10%	58.60%	2017	11.10%	86.60%
2013	11.10%	65.80%	2018	11.10%	90.43%

Basis for Assumptions

The economic and demographic assumptions used in the valuation were based on an experience study performed by Conduent in 2017, which established the assumptions for rates of retirement, termination and disability, the valuation interest rate and DROP participation. In addition, the following changes have been made:

- The salary scale assumption was updated to reflect the most recent collective bargaining agreement.
- The mortality assumption was updated in accordance with the changes that were enacted in the 2015 legislative session to sections 112.63 and 112.664, Florida Statutes, which require local government pension plans to use the mortality tables used in either of the two most recently published actuarial valuation reports of the Florida Retirement System (FRS), including the projection scale for mortality improvement, and appropriate risk and collar adjustments based on plan demographics. The assumption used in this valuation is the same assumption used in the 2016 FRS valuation as it applies to “special risk” participants.

Funding Method

The Entry Age Normal Cost method has been used to develop the funding requirements for the plan. The contribution equals the sum of the normal cost and the amount necessary to amortize the unfunded actuarial liabilities and any actuarial gains or losses over a period of 30 years for police and the average of expected future lifetime for firefighters. Amortization payments increase 3.0% annually. The normal cost includes estimated investment and administrative related expenses.

Actuarial Asset Method

The asset smoothing method spreads investment gains or losses in excess of the assumed return on the market value of assets over a 5-year period. The Actuarial Value of assets cannot be less than 80%, or greater than 120% of market value. The Actuarial Value of Assets is adjusted to exclude excess State premium tax monies reserved for future benefit improvements.

Valuation Rate/Investment Return Rate

8.0% compounded annually.

In selecting economic assumptions, the interest rate of 8.0% is based upon a review of the existing portfolio structure, a review of recent experience, and information from the Board.

Administrative/Investment Expenses

The normal cost includes estimated administrative expenses equal to the 3-year average of prior administrative expenses plus estimated investment expenses equal to 0.50% of the market value of assets as of the valuation date.

COLA Increases

Benefits are assumed to increase according to the parameters set forth in Table XII each year for retired police members eligible for annual COLAs commencing 3 years after retirement or exit from the DROP. Retired firefighter benefits are not eligible for COLAs and are not increased in future years.

Salary Increases

Annual salary increase rates by years of service are shown below:

Years of Service	Rates of Increase
0 - 9	8.50%
10 – 14	5.00%
15+	3.00%

The salary increase assumption is reflective of the collective bargaining agreement for the contract period of January 31, 2016 to September 30, 2018.

Payroll Growth

Salary increases for total payroll are 3.0% per year.

Inflation

3.0% compounded annually.

Active Mortality

Males – RP-2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB.

Females – RP-2000 Generational, 100% Combined Healthy White Collar, Scale BB.

Inactive Mortality

Healthy inactive participants:

Males – RP-2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

Females – RP-2000 Generational, 100% Annuitant White Collar, Scale BB.

Disabled participants:

Males – 60% RP-2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

Females – 60% RP-2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale

In-Service Deaths

100% of active member deaths are assumed to occur in the line of duty.

Termination of Employment

Annual termination rates by years of service are shown below:

Years of Service	Rates of Termination
0 – 1	12.00%
1 – 4	10.00%
5+	1.50%

Retirement Rates

Retirement rates are based on age and service as follows:

Age	Members vested on or before January 31, 2016		Members active but not vested on or before January 31, 2016		
	Years of Service		Years of Service		
	0-19	20+	0-9	10-24	25+
35-51	0%	100%	0%	0%	100%
52-54	100%	100%	0%	0%	100%
55+	100%	100%	0%	100%	100%

80% of retirements are assumed to enter the DROP. Those entering the DROP are assumed to remain in the DROP for five years.

Current members of the DROP are assumed to remain in the DROP for the maximum allowable time (8 years).

Disability Rates

Triple the rates in the 1985 class (1) disability study rates. Rates are as follows:

<i>Disabilities per 10,000 members</i>					
Age	Disability	Age	Disability	Age	Disability
20	9	31	15	42	44
21	9	32	16	43	49
22	10	33	17	44	55
23	10	34	19	45	61
24	11	35	21	46	68
25	11	36	23	47	77
26	12	37	26	48	86
27	13	38	29	49	96
28	13	39	32	50	107
29	14	40	35	51	122
30	14	41	39	52	140

In-Service Disabilities

100% of active member disablements are assumed to occur in the line of duty.

Marital Status

100% of active members are assumed to be married with males 3 years older than females.

Changes Since Prior Valuation

- The assumed rates of retirement and termination for active members were changed in accordance with an experience study that was conducted by Conduent in 2017.
- The salary scale assumption was updated to reflect the most recent collective bargaining agreement.
- The mortality assumption was updated in accordance with the changes that were enacted in the 2015 legislative session to sections 112.63 and 112.664, Florida Statutes, which require local government pension plans to use the mortality tables used in either of the two most recently published actuarial valuation reports of the Florida Retirement System (FRS), including the projection scale for mortality improvement, and appropriate risk and collar adjustments based on plan demographics. The assumption used in this valuation is the same assumption used in the 2016 FRS valuation as it applies to “special risk” participants.

These changes increased the plan’s actuarial accrued liability by approximately \$3.4 million.

Eligibility Requirements

Full-time employment with the City as a sworn police officer or former firefighter. Participants enter the plan on the first day of employment or January 1, 1990 for any employee who was a participant in the Retirement Plan for Employees of the City of North Miami Beach (effective October 1, 1965).

Final Monthly Compensation (FMC)

Average monthly compensation from the City or County for the 60 consecutive months for police officers and 18 consecutive months for firefighters, out of 120 months which gives the highest average monthly rate of compensation for the participant.

Compensation means, as per the State Statute, the total cash remuneration paid to a police officer for services rendered. For members who were employed on or before January 31, 2016, overtime pay is included up to 300 hours. For members hired after January 31, 2016, overtime pay is included up to 100 hours.

Credited Service

Completed calendar months, from the date of employment until the first day of the month coincident with or next following a participant’s date of retirement or termination.

NORMAL RETIREMENT

Normal Form of Benefit

Life Annuity for at least a 10 year period.

Normal Retirement Date

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

Normal Retirement Benefit

For Police Officers: 3% of final monthly compensation multiplied by years of credited service.

For Firefighters: 3.3% of final monthly compensation multiplied by years of credited service.

Maximum Benefit: 100% of average final compensation, for members who entered the plan after 1979.

COLA

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

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

For Firefighters: In lieu of the cost of living adjustments previously provided, a lump sum will be paid to all firefighter retirees and pensioners alive as of each October 1st prior to the payment of this benefit. The amount is based upon the undistributed premium tax income received during the previous calendar year, or if the payment of a year's premium tax income is delayed until after December 31st of that year then payment of the supplemental retirement benefit shall be paid within 90 days after receipt.

EARLY RETIREMENT

Normal Form of Benefit

Life Annuity for at least a 10 year period.

Early Retirement Date

The earlier of age 45 with 15 years of service, or the attainment of age 50 with 10 years of service.

Early Retirement Benefit

Normal retirement benefit reduced 3% each year the employee's age at early retirement precedes their age at normal retirement.

COLA

COLA increase according to normal retirement benefit is payable annually (on October 1st) to any police officer who retired on or after December 30, 1998 and who has been retired for at least 3 years, attained age 52, and completed 20 or more years of credited service. Surviving beneficiaries receive a COLA on the same date the participant would have become eligible.

DEFERRED RETIREMENT OPTION PROVISIONS (DROP)

Normal Form of DROP Account

Lump Sum

Normal Form of DROP Benefit

Life Annuity for at least a 10 year period.

DROP Retirement Date

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

Maximum DROP Period

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

Interest Rate Credited to DROP Account

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

DROP Benefit

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

DISABILITY RETIREMENT

Normal Form of Benefit

Life Annuity

Disability Retirement Date

Total and permanent disability

Disability Retirement

The greater of 60% of FMC, or the participants accrued benefit at date of disability.

COLA

COLA increase according to the normal retirement benefit is payable annually (on October 1st) to any police officer who retired on or after December 30, 1998 and who has been retired for at least 3 years and attained age 52.

Death Benefit

In the event that the death of a disabled participant occurs after date of disability but prior to normal retirement date, the beneficiary will receive the actuarial equivalent of the greater of (A) and (B) below:

- (A) The value of the deferred monthly benefit commencing at normal retirement that the member would have accrued if they remained in active service from date of disability to date of death.
- (B) The smaller of:
 - a. 24 times FMC immediately preceding disability
 - b. 100 times the participant's anticipated monthly retirement benefit commencing on normal retirement that would have been payable if the participant had remained in service at the same rate of pay from date of disablement to date of death.

This benefit is paid as a Life Annuity and is guaranteed for at least a 10 year period.

DEATH BENEFIT

Normal Form of Benefit

Life Annuity for at least a 10 year period.

Death Benefit

The monthly retirement income payable upon the death of a participant who is survived by a spouse and/or dependent is the actuarial equivalent of the greater of (A) and (B) below:

- (A) The single-sum value of the accrued deferred benefit commencing on Normal Retirement Date, accrued to date of death.
- (B) The smaller of:
 - a. 24 times the monthly pay on October 1 preceding the participants date of death
 - b. 100 times the anticipated monthly retirement income commencing on Normal Retirement Date.

COLA

None.

WITHDRAWAL BENEFIT – LESS THAN 10 YEARS OF SERVICE

Form of Benefit

Lump Sum, payable immediately.

Withdrawal Date

First day of service, up to 10 years of credited service.

Termination Benefits

Accumulated Employee Contributions with 3% interest.

WITHDRAWAL BENEFIT – MORE THAN 10 AND LESS THAN 20 YEARS OF SERVICE

Form of Benefit

Lump Sum paid immediately or Life Annuity for at least a 10 year period, payable at age 52.

Withdrawal Date

At least 10 years of credited service, but less than 20 years of credited service.

Termination Benefits

The greater of:

- (A) Same as normal retirement benefit with FMC and service determined at date of termination.
- (B) Accumulated Employee Contributions with 3% interest.

EMPLOYEE CONTRIBUTIONS

Employee Contributions

Participants contribute to the plan:

11.1% of Compensation (pre-tax) for police officers.

- Ordinance 2005-6 stated in the event that the additional tax revenues provided under Section 185 of Florida statutes are insufficient to fund the service related death benefit created by Ordinance 2005-6, employee contributions will increase from 10.5% to 11.1% of payroll, unless changed through collective bargaining.
- Interest credited at 3% per year.
- Ordinance 2016-4 does not require member contributions on overtime from January 1, 2014 through June 7, 2016 (the effective date of the Ordinance). The City will be required to make a contribution of 11.1% of overtime earnings for the period January 1, 2014 through June 7, 2016. The City contribution will be offset by accumulated balance of premium tax revenues (“ABPTR”) that have not been allocated to fund benefits as of the effective date of the Ordinance. The City contribution and ABPTR will not be part of the Participant’s account balance.

Changes Since Prior Valuation

None.