

CITY OF MIAMI BEACH EMPLOYEES' RETIREMENT PLAN
ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2013

ANNUAL EMPLOYER CONTRIBUTION FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2015



May 12, 2014

Board of Trustees
City of Miami Beach Employees'
Retirement Plan
Miami Beach, Florida

Dear Board Members:

The results of the October 1, 2013 Actuarial Valuation of the City of Miami Beach Employees' Retirement Plan are presented in this report.

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

The purpose of the valuation is to measure the Plan's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2015 and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 25.

This report should not be relied on for any purpose other than the purpose described above.

The findings in this report are based on data or other information through September 30, 2013. 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 valuation was based upon information furnished by the City concerning Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked 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.

This report was prepared using certain assumptions prescribed by the Board as described in Section B.

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

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate. In my opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. 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.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

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SECTION A
DISCUSSION OF VALUATION RESULTS

DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

A comparison of the required employer contribution developed in this and the last actuarial valuation is shown below.

	Required City Contribution			Non-DROP Covered Payroll	Total Covered Payroll
	Amount	% of Non-DROP Payroll	% of Total Payroll		
For FYE 9/30/15 Based on 10/1/13 Valuation	\$ 26,456,580	41.65 %	38.88 %	\$ 63,526,903	\$ 68,050,242
For FYE 9/30/14 Based on 10/1/12 Valuation*	25,558,989	39.29	36.63	65,053,945	69,782,689
Increase (Decrease)	897,591	2.36	2.25	(1,527,041)	(1,732,447)

* From October 7, 2013 Actuarial Impact Statement reflecting changes for all members except members participating in the AFSCME bargaining unit.

The contribution has been adjusted for interest on the basis that the employer contribution is made in a single payment on the first day of the fiscal year. The actual employer contribution for the year ending September 30, 2013 was \$21,222,051. The minimum required contribution was \$21,222,051.

Revisions in Benefits

The displayed results as of October 1, 2012 are from the Actuarial Impact Statement dated October 7, 2013 which reflected Ordinance Number 2013-3806 and Ordinance Number 2014-3837. These Ordinances implemented the changes in Plan provisions listed below for all members except members participating in the AFSCME bargaining unit:

- The maximum period for participation in the Deferred Retirement Option Program (DROP) is extended from three to five years for members hired before October 1, 2010 (i.e., Tier A and Tier B members). This extension applies to all active members in Tiers A and B who elect to participate in the DROP in the future as well as current DROP members. The 2.5% COLA is not payable while members are in the DROP.
- The option for members to purchase up to 2-years of credited service is eliminated.

Revisions in Actuarial Assumptions and Methods

There have been no revisions in actuarial assumptions and methods since the last valuation. We recommend that the mortality assumption be revised to include a margin for mortality improvements after 2010. Additionally, we recommend lowering the investment return assumption to a rate no greater than 7.50%.

Actuarial Experience

There was a net actuarial gain of \$3,358,961 for the year which means actual experience was more favorable than expected. The actuarial gains were primarily due to lower salary increases than expected and more employment terminations than expected. The actuarial gains were partially offset by investment losses due to lower than expected recognized return on investments. The return on the Actuarial Value of Assets was 7.4% and the return on the Market Value of Assets was 13.0%. The actuarial gain translates into a decrease in the employer contribution equal to 0.47% of non-DROP payroll.

Funded Ratio

The funded ratio this year is 67.9% compared to 66.7% last year (from the October 7, 2013 Actuarial Impact Statement). The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability.

Analysis of Change in Employer Contribution

The components of change in the required employer contribution as a percent of non-DROP payroll are as follows:

Contribution rate last year	39.29 %
Change in assumptions/methods	0.00
Payment on unfunded liability	3.00
Change in employer normal cost rate	(0.20)
Experience gain/loss	(0.47)
Change in administrative expense	<u>0.03</u>
Contribution rate this year	41.65 %

Asset Values

It is important to keep in mind that under the asset smoothing method, the difference between actual and expected return is recognized over five years. As of September 30, 2013 the market value of assets exceeded the actuarial value by \$25,860,942. Once all the gains and losses through September 30, 2013 are fully recognized in the actuarial asset values, the contribution rate will decrease by roughly 3.6% of non-DROP payroll unless there are further gains or losses.

If we were not using an asset smoothing method, the City contribution rate would have been 38.03% and the funded ratio would have been 71.8%.

Projections of Required Contributions and Funded Ratio

The following three pages show the estimated City contributions and funded ratios over the next ten years, and a projection of the unfunded accrued liability and amortization payments over the next thirty years. The projections are based on these assumptions:

- An 8.0% return on market value of assets for 2014 and for each year after.
- Cash flow remains constant
- No future gains or losses other than the recognition of prior investment experience
- 3% payroll growth

The projections reflect the expiration of amortization bases. For example, for the 2014 valuation, there will be an increase in the amortization payments on the unfunded accrued liability in the amount of \$1,209,442. For the 2015 valuation, the amortization payments will increase by \$508,577. For the 2016 valuation, the amortization payments will decrease by \$1,340,404.

Conclusion

It is important to note that system assets are barely sufficient to cover the liabilities for inactive members. As of October 1, 2013, the assets are \$466.8 million and the liability for current inactive members is \$450.9 million. Additionally, the funded ratio has dropped from over 100% in 2000 to the current level of 67.9%. Some steps have been taken to address these issues, such as strengthening the actuarial assumptions. Given the low funded ratio, it is advisable to consider further steps, such as a shortening of the amortization period and/or further strengthening of the actuarial assumptions. Any of these steps would result in higher contributions in the short-term for the City. For each additional \$5 million contributed, the funded ratio will increase by 0.75%.

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

10-Year Projection of Annual Required Contribution (ARC)

Total ARC Current Assumptions			
Fiscal Year	Dollar		
Ending 9/30	Amount	% of Payroll	
	(thousands)		
2015	\$ 26,457	41.65	%
2016	27,323	41.76	
2017	27,413	40.68	
2018	24,782	35.70	
2019	24,260	33.93	
2020	24,099	32.72	
2021	23,972	31.60	
2022	23,850	30.53	
2023	23,747	29.51	
2024	23,649	28.53	
2025	23,572	27.61	

Assumptions

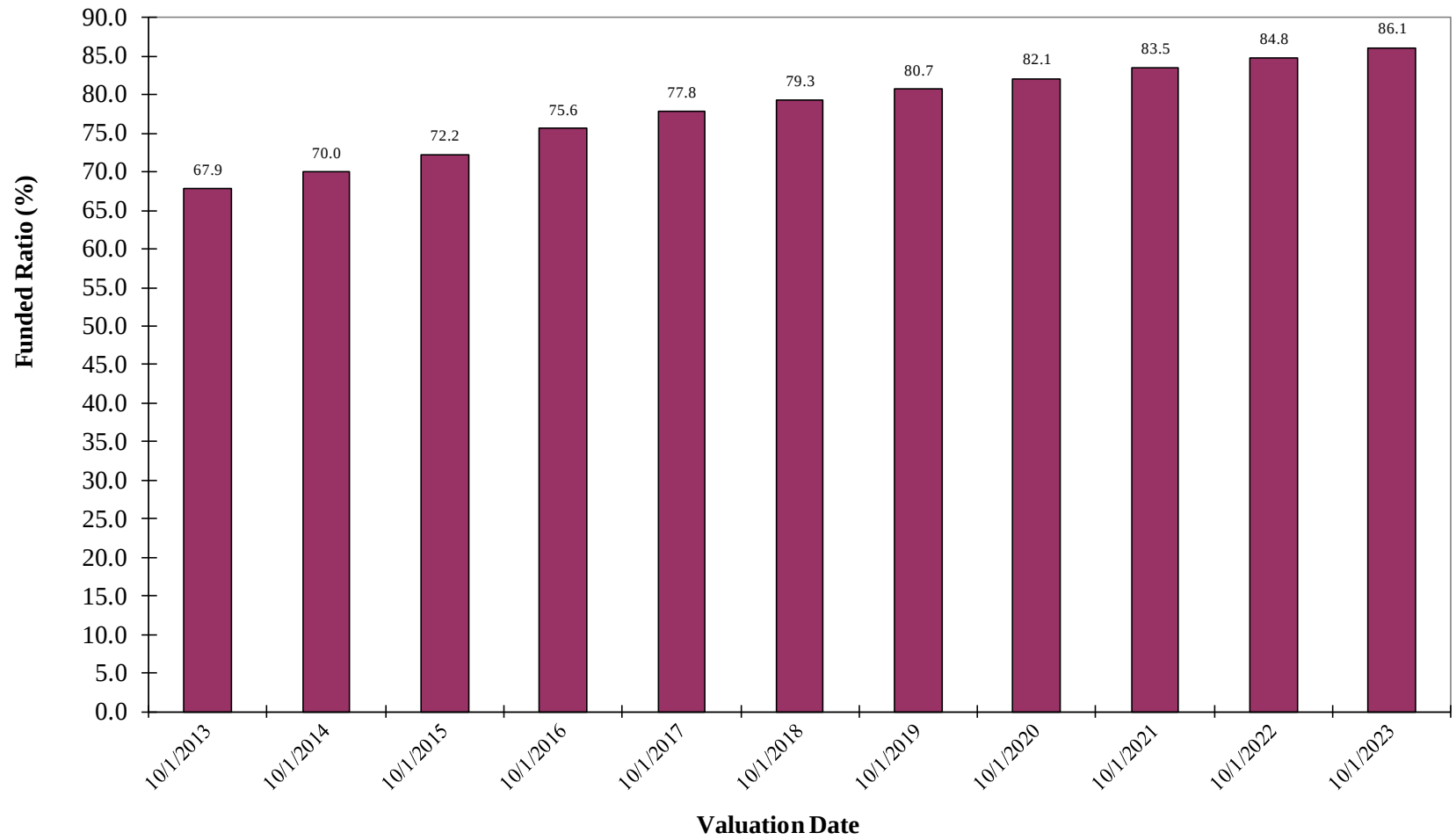
8.0% return on Market Value of Assets

*No gains or losses other than recognition
of prior investment experience*

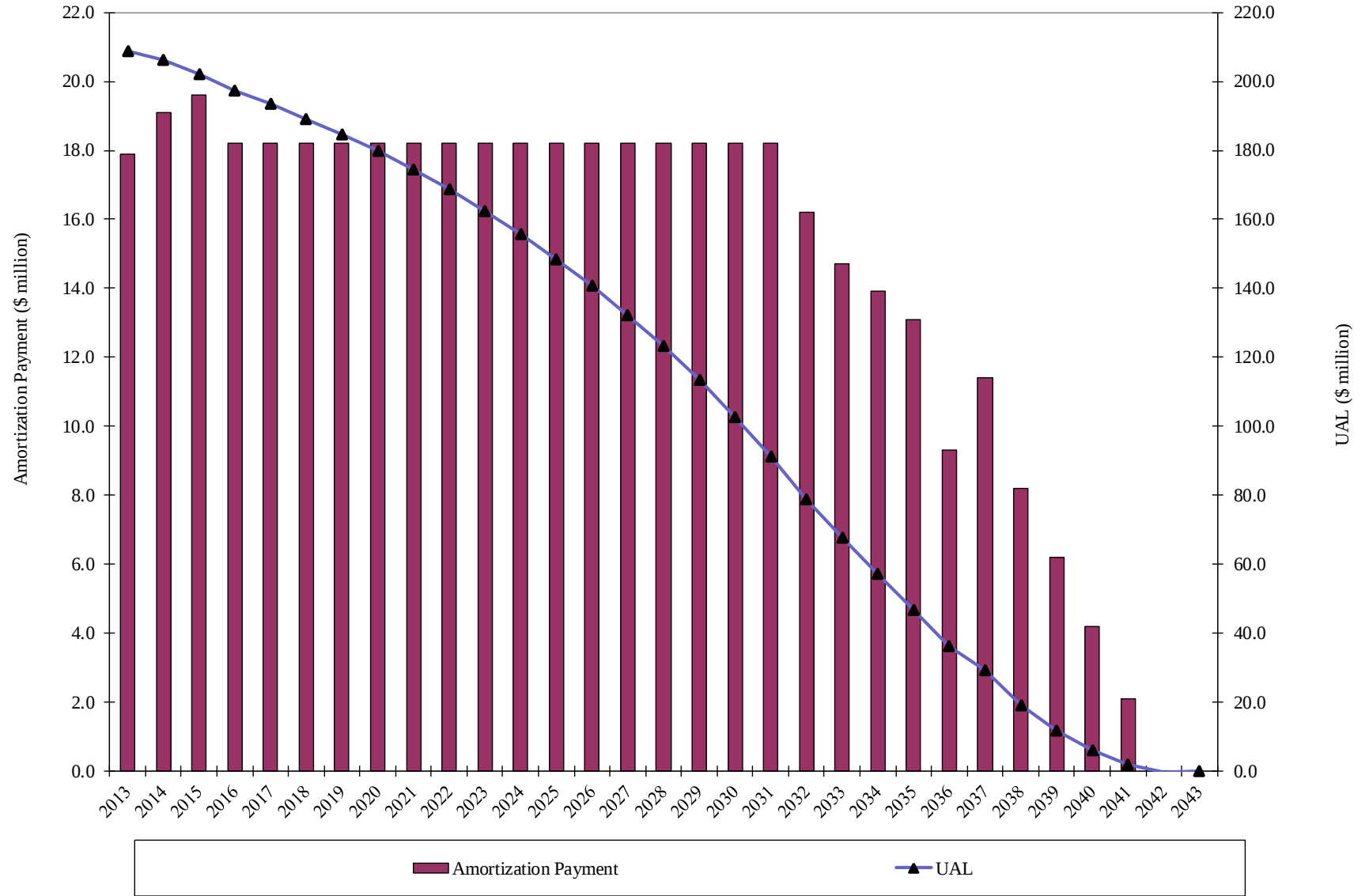
Constant cash flow

3.0% payroll growth

**City of Miami Beach Employees' Retirement Plan
10-Year Projection of Funded Ratio**



30-Year projection of Unfunded Actuarial Accrued Liability (UAL) and Amortization Payments
Reflect only Current UAL Bases



SECTION B
VALUATION RESULTS

PARTICIPANT DATA		
	October 1, 2013	October 1, 2012
ACTIVE MEMBERS		
Number (Non-DROP)	1,014	1,049
Covered Annual Non-DROP Payroll	\$ 63,526,903	\$ 65,053,945
Average Annual Non-DROP Pay	\$ 62,650	\$ 62,015
Total Covered Annual Payroll	\$ 68,050,242	\$ 69,782,689
Average Total Annual Pay	\$ 63,598	\$ 63,209
Average Age (Non-DROP)	45.4	45.1
Average Past Service (Non-DROP)	10.3	9.8
Average Age at Hire (Non-DROP)	35.1	35.3
DROP PARTICIPANTS		
Number	56	55
Annual Benefits	\$ 2,962,427	2,994,703
Average Annual Benefit	\$ 52,900	54,449
Average Age	59.1	59.3
RETIREES & BENEFICIARIES		
Number	1,013	1,002
Annual Benefits	\$ 34,891,355	\$ 33,085,394
Average Annual Benefit	\$ 34,444	\$ 33,019
Average Age	71.4	71.1
DISABILITY RETIREES		
Number	42	43
Annual Benefits	\$ 1,094,407	\$ 1,117,160
Average Annual Benefit	\$ 26,057	\$ 25,980
Average Age	64.9	65.6
TERMINATED VESTED MEMBERS		
Number	69	63
Annual Benefits	\$ 1,517,707	\$ 1,343,444
Average Annual Benefit	\$ 21,996	\$ 21,325
Average Age	47.0	45.9

ANNUAL REQUIRED CONTRIBUTION (ARC)		
A. Valuation Date	October 1, 2013	October 1, 2012*
B. ARC to Be Paid During Fiscal Year Ending	9/30/2015	9/30/2014
C. Assumed Date of Employer Contrib.	10/1/2014	10/1/2013
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 17,853,423	\$ 16,760,395
E. Employer Normal Cost	6,643,410	6,905,335
F. ARC if Paid on the Valuation Date: D+E	24,496,833	23,665,730
G. ARC Adjusted for Frequency of Payments	26,456,580	25,558,989
H. ARC as % of Covered Payroll		
- Non-DROP Payroll	41.65 %	39.29 %
- Total Payroll	38.88 %	36.63 %
I. Expected Covered Payroll		
- Non-DROP Payroll	63,526,903	65,053,945
- Total Payroll	68,050,242	69,782,689

* From October 7, 2013 Actuarial Impact Statement reflecting changes for all members except members participating in the AFSCME bargaining unit.

ACTUARIAL VALUE OF BENEFITS AND ASSETS		
A. Valuation Date	October 1, 2013	October 1, 2012*
B. Actuarial Present Value of All Projected Benefits for		
1. Active Members		
a. Service Retirement Benefits	\$ 253,649,365	\$ 259,785,430
b. Vesting Benefits	30,551,084	31,967,178
c. Disability Benefits	6,845,667	7,271,899
d. Preretirement Death Benefits	3,776,378	3,953,764
e. Return of Member Contributions	635,188	631,843
f. Total	295,457,682	303,610,114
2. Inactive Members		
a. Service Retirees & Beneficiaries	425,868,360	407,835,275
b. Disability Retirees	12,172,805	12,377,127
c. Terminated Vested Members	12,839,377	11,480,115
d. Total	450,880,542	431,692,517
3. Total for All Members	746,338,224	735,302,631
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	649,797,221	632,203,739
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	611,078,480	596,192,659
E. Plan Assets		
1. Market Value	466,773,693	423,447,642
2. Actuarial Value	440,912,751	421,376,041
F. Unfunded Actuarial Accrued Liability: C-E2	208,884,470	210,827,698
G. Actuarial Present Value of Projected Covered Payroll	525,429,135	543,825,043
H. Actuarial Present Value of Projected Member Contributions	49,629,625	51,791,078
I. Accumulated Contributions of Active Members	63,736,469	61,073,761

* From October 7, 2013 Actuarial Impact Statement reflecting changes for all members except members participating in the AFSCME bargaining unit.

CALCULATION OF EMPLOYER NORMAL COST		
A. Valuation Date	October 1, 2013	October 1, 2012*
B. Normal Cost for		
1. Service Retirement Benefits	\$ 9,326,494	\$ 9,644,778
2. Vesting Benefits	1,982,098	2,047,065
3. Disability Benefits	518,942	529,872
4. Preretirement Death Benefits	259,043	268,222
5. Return of Member Contributions	220,218	225,573
6. Total for Future Benefits	12,306,795	12,715,510
7. Assumed Amount for Administrative Expenses	699,982	694,180
8. Total Normal Cost	13,006,777	13,409,690
% of Covered Payroll		
- Non-DROP Payroll	20.47 %	20.61 %
- Total Payroll	19.11 %	19.22 %
C. Expected Member Contribution	6,363,367	6,504,355
% of Covered Payroll		
- Non-DROP Payroll	10.02 %	10.00 %
- Total Payroll	9.35 %	9.32 %
D. Employer Normal Cost: B8-C	6,643,410	6,905,335
% of Covered Payroll		
- Non-DROP Payroll	10.46 %	10.61 %
- Total Payroll	9.76 %	9.90 %

* From October 7, 2013 Actuarial Impact Statement reflecting changes for all members except members participating in the AFSCME bargaining unit.

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

A. Derivation of the Current UAAL	
1. Last Year's UAAL	\$ 210,827,698 *
2. Employer Normal Cost for Contribution Year	6,916,048
3. Last Year's Contributions	21,222,051
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	17,419,500
b. 3 from dates paid	1,697,764
c. a - b	15,721,736
5. This Year's Expected UAAL Prior to Revision: 1 + 2 - 3 + 4c	212,243,431
6. Change in UAAL Due to Plan Amendments and/or Changes in Actuarial Assumptions	0
7. This Year's Expected UAAL After Revisions: 5 + 6	212,243,431
8. This Year's Actual UAAL After Revisions	208,884,470
9. This Year's Gain (Loss): 7 - 8	3,358,961
10. Gain (Loss) Due to Investments	(2,651,247)
11. Gain (Loss) Due to Other Causes	6,010,208

* From October 7, 2013 Actuarial Impact Statement reflecting changes for all members except members participating in the AFSCME bargaining unit.

B. UAAL Amortization Period and Payments						
Original UAAL				Current UAAL		
Date Established	Source	Amortization Period (Years)	Amount	Years Remaining	Amount	Payment
10/1/99	(Gain) Loss	15	\$(11,197,306)	1	\$ (1,297,634)	\$ (1,297,634)
10/1/99	Plan Change	15	761,013	1	88,192	88,192
10/1/00	(Gain) Loss	15	(1,184,364)	2	(253,434)	(131,591)
10/1/01	(Gain) Loss	15	4,182,294	3	1,231,968	442,634
10/1/01	Plan Change	15	8,482,719	3	2,498,732	897,770
10/1/02	(Gain) Loss	30	24,017,296	19	20,566,978	1,982,954
10/1/03	(Gain) Loss	30	16,972,622	20	16,221,490	1,529,810
10/1/04	(Gain) Loss	30	9,682,048	21	9,080,027	839,333
10/1/05	(Gain) Loss and Assum. Change*	30	9,377,578	22	8,573,787	778,246
10/1/06	(Gain) Loss	30	11,796,972	23	10,830,726	966,965
10/1/06	(Gain) Loss	30	34,747,408	23	31,901,385	2,848,149
10/1/07	(Gain) Loss	30	(14,036,710)	24	(13,063,591)	(1,148,846)
10/1/07	Assum. and Method Change**	30	(12,143,754)	24	(11,301,868)	(993,915)
10/1/08	(Gain) Loss	30	29,844,325	25	29,462,736	2,555,586
10/1/08	Assum. Change	30	8,228,994	25	8,123,777	704,653
10/1/09	(Gain) Loss	30	28,291,986	26	27,857,643	2,386,139
10/1/09	Assum. Change	30	8,975,372	26	8,837,581	756,981
10/1/09	Assum. Change	30	(7,968,884)	26	(7,846,544)	(672,094)
10/1/09	Plan Change	30	(6,161,412)	26	(6,066,822)	(519,652)
10/1/09	***	6	(1,126,404)	2	(726,047)	(376,986)
10/1/10	(Gain) Loss	30	15,123,488	27	15,338,001	1,298,732
10/1/10	Assum. Change	30	8,061,915	27	8,176,267	692,319
10/1/11	(Gain) Loss	30	22,163,141	28	22,488,097	1,884,188
10/1/11	Assum. Change	30	1,658,668	28	1,682,987	141,011
10/1/12	****	29	869,791	28	872,320	73,088
10/1/12	(Gain) Loss	30	23,859,099	29	23,947,570	1,987,172
10/1/12	Assum. Change	30	10,160,600	29	10,198,276	846,254
10/1/12	Plan Change	30	(5,160,035)	29	(5,179,169)	(429,768)
10/1/13	(Gain) Loss	30	(3,358,961)	30	(3,358,961)	(276,267)
			214,919,499		208,884,470	17,853,423

* Loss of 7,060,041 plus assumption change of 2,317,537.

** Assumption change of 5,311,398 plus method change of (17,455,152).

*** Credit Base established to reflect receivables from Excess Plan

**** Charge Base established to reflect excess contribution for fiscal year ending 9/30/11 that was included in assets. This base is established as of 10/1/12.

C. Amortization Schedule

The UAAL is being liquidated as a level dollar amount over the number of years remaining in the amortization period. The expected amortization schedule is as follows:

Amortization Schedule	
Year	Expected UAAL
2013	\$ 208,884,470
2014	206,313,501
2015	202,230,687
2016	197,271,985
2017	193,364,222
2018	189,143,839
2023	162,403,790
2028	123,113,886
2033	67,525,717
2038	19,032,898
2043	-

ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, employment turnover, investment income, expenses, salary increases, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified.

Net actuarial gains in previous years are as follows:

Year Ended	Gain (Loss)
9/30/1990	\$ (9,106,524)
9/30/1991	2,727,904
9/30/1992	4,954,823
9/30/1993	5,370,894
9/30/1994	(1,696,061)
9/30/1995	6,661,918
9/30/1996	7,568,621
9/30/1997	13,539,264
9/30/1998	6,894,790
9/30/1999	16,168,137
9/30/2000	6,540,306
9/30/2001	(6,572,791)
9/30/2002	(32,586,068)
9/30/2003	(18,414,901)
9/30/2004	(9,682,048)
9/30/2005	(7,060,041)
9/30/2006	(11,796,971)
9/30/2007	14,036,710
9/30/2008	(29,844,325)
9/30/2009	(28,291,986)
9/30/2010	(15,123,488)
9/30/2011	(22,163,141)
9/30/2012	(23,859,099)
9/30/2013	3,358,961

HISTORY OF INVESTMENT RETURNS AND SALARY INCREASES

The fund earnings and salary increase assumptions have considerable impact on the cost of the Plan so it is important that they are consistent with the actual experience. The following table shows the actual fund earnings and salary increase rates compared to the assumed rates for the last several years:

Year Ending	General Plan				Unclassified Plan			
	Investment Return		Salary Increases		Investment Return		Salary Increases	
	Actual	Assumed	Actual	Assumed	Actual	Assumed	Actual	Assumed
9/30/1989	11.6 %	8.0 %	1.9 %	6.0 %	14.6 %	8.0 %	3.2 %	6.0 %
9/30/1990	7.3	8.5	7.5	6.0	(2.3)	8.0	12.3	6.0
9/30/1991	8.1	8.5	3.0	6.0	21.6	8.5	3.4	6.0
9/30/1992	13.7	8.5	2.0 *	6.0	5.8	9.0	2.4	6.0
9/30/1993	11.4	8.5	3.1	6.0	14.1	9.0	6.3	6.0
9/30/1994	6.8	8.5	3.9	6.0	4.8	9.0	6.0	6.0
9/30/1995	11.4	8.5	8.8	6.0	24.1	9.0	7.6	6.0
9/30/1996	15.3	8.5	4.2	6.0	13.9	9.0	8.6	6.0
9/30/1997	13.8	8.5	6.0	6.0	19.1	9.0	7.4	6.0
9/30/1998	12.5	8.5	5.0	6.0	4.3	9.0	4.1	6.0
9/30/1999	14.4	8.5	7.3	6.0	18.8	9.0	7.1	6.0
9/30/2000	10.7	8.5	6.7	6.0	16.5	9.0	6.7	6.0
9/30/2001	7.2	8.5	9.3	6.0	9.7	9.0	7.0	6.0
9/30/2002	0.3	8.5	8.9	6.0	1.7	9.0	9.2	6.0
9/30/2003	4.3	8.5	8.1	6.0	4.6	9.0	7.5	6.0
9/30/2004	4.1	8.5	3.1	6.0	9.7	9.0	5.7	6.0
9/30/2005	4.4	8.5	4.7	6.0	10.7	9.0	6.8	6.0
9/30/2006	7.7	8.5	11.9	6.0	10.2	8.75	7.9	6.0
9/30/2007 **	12.0	8.75	(3.6)	6.0	NA	NA	NA	NA
9/30/2008 **	5.2	8.65	11.3	6.0	NA	NA	NA	NA
9/30/2009 **	1.1	8.50	4.8	6.0	NA	NA	NA	NA
9/30/2010 **	5.0	8.35	2.5	6.0	NA	NA	NA	NA
9/30/2011 **	1.1	8.25	0.8	6.8	NA	NA	NA	NA
9/30/2012 **	2.1	8.15	1.7	5.7	NA	NA	NA	NA
9/30/2013 **	7.4	8.00	2.3	5.6	NA	NA	NA	NA
Averages	7.9 %	---	4.9 %	---	11.0 %	---	6.6 %	---

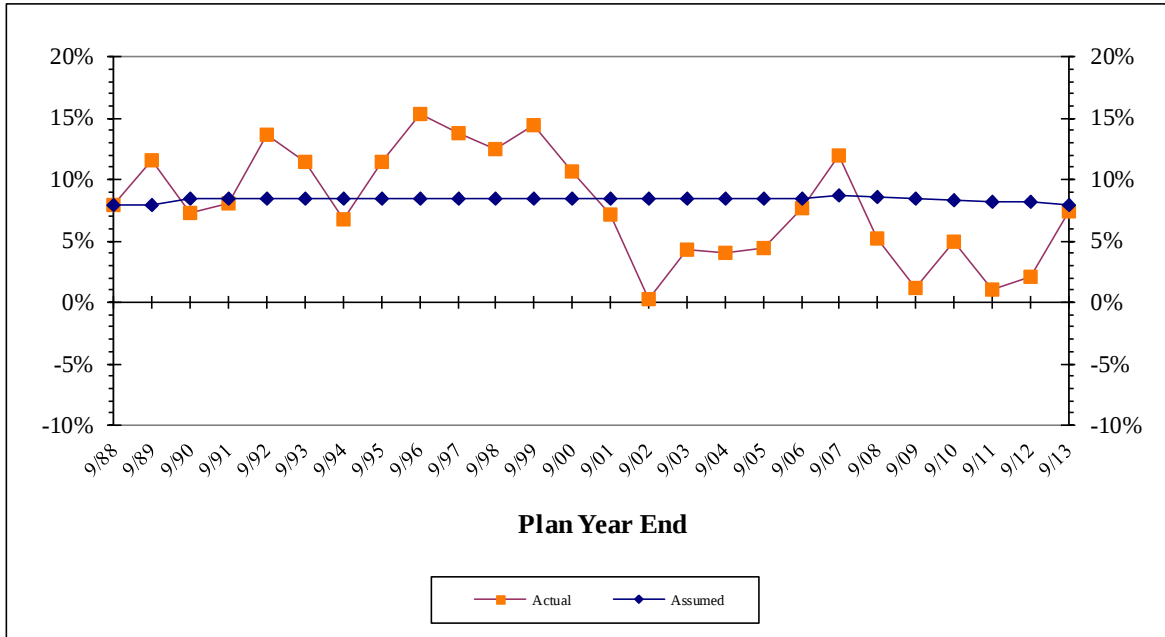
* Approximate rate

** Represents salary increases and investment return for the total group

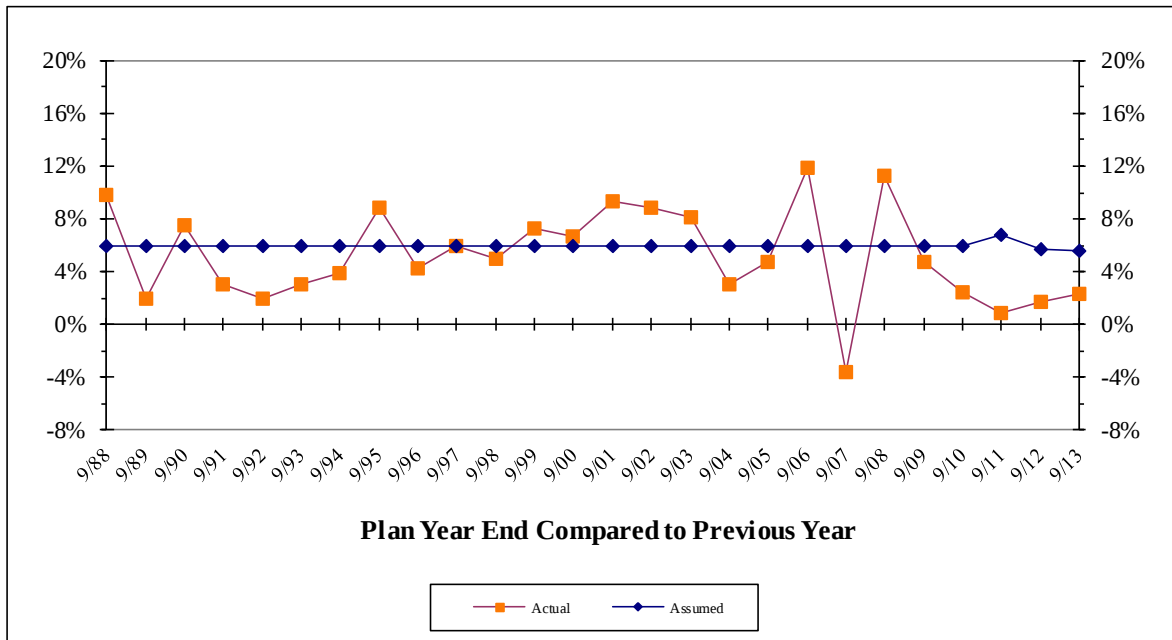
Note: Figures before 1992 were taken from Reports of Buck Consultants.

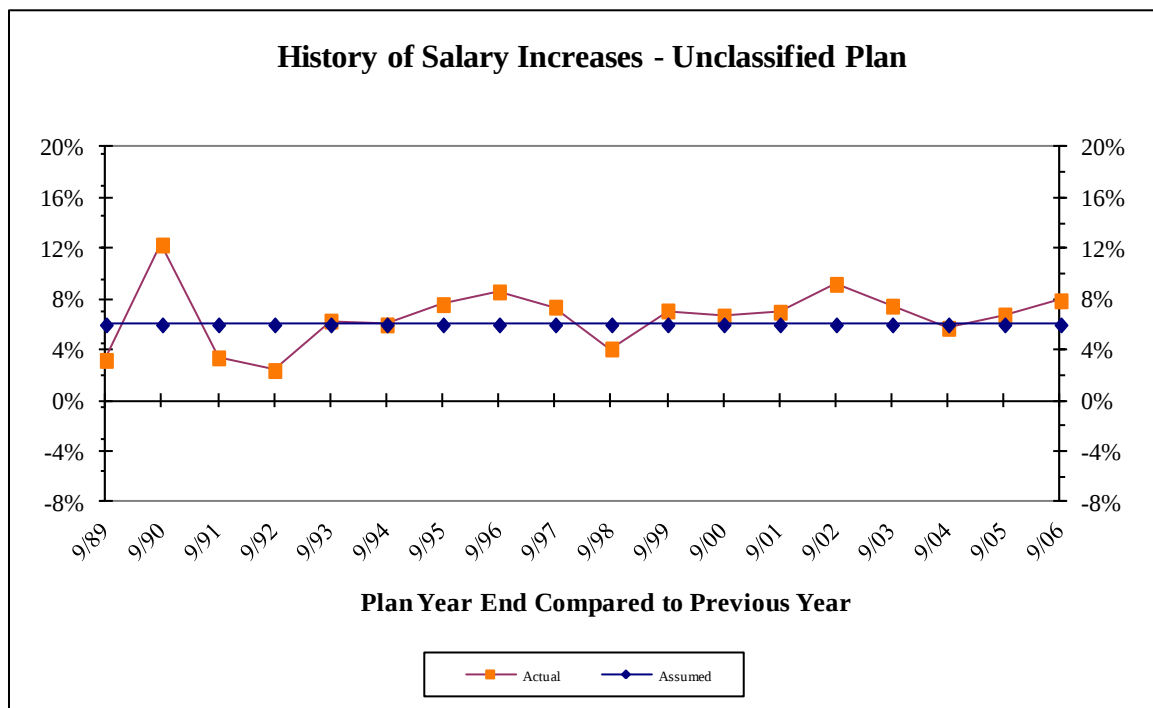
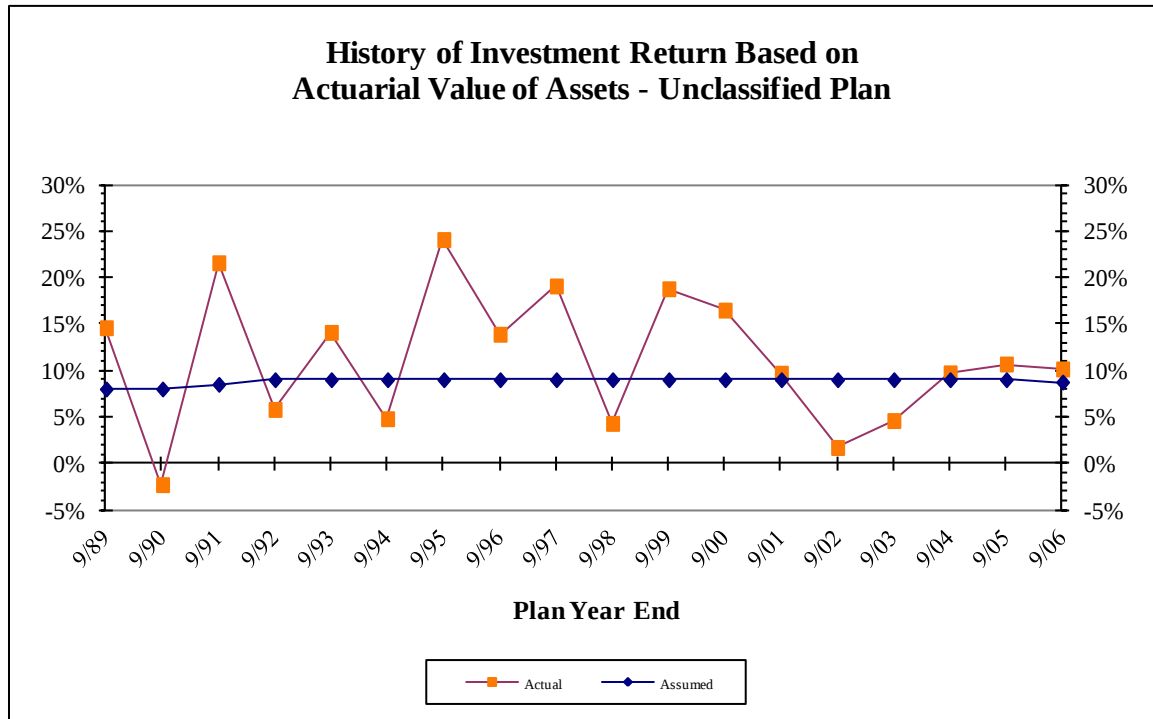
The actual investment return rates shown above are based on the actuarial value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuation both at the beginning and the end of each period. The exhibits that follow illustrate the table above in graphic form.

**History of Investment Return Based
on Actuarial Value of Assets – General Plan
and Combined Plan after 2006**



**History of Salary Increases – General Plan
and Combined Plan after 2006**





Actual (A) Compared to Expected (E) Decrements Among Active Employees													
Year Ended	Number Added During Year		Service & DROP Retirement		Disability Retirement		Death		Terminations				Active Members End of Year
	A	E	A	E	A	E	A	E	Vested	Other	Totals		
									A	A	A	E	
9/30/2003	109	46	20	40	0	3	2	1	15	9	24	33	714
9/30/2004	65	54	24	37	2	3	1	1	18	9	27	35	725
9/30/2005	73	62	16	43	2	3	2	1	23	19	42	37	736
9/30/2006 *	357	75	40	40	0	3	1	1	21	13	34	37	1018
9/30/2007	149	106	40	86	2	3	1	2	17	46	63	49	1061
9/30/2008	182	85	29	92	1	3	1	2	24	30	54	61	1158
9/30/2009	78	29	55	123	2	3	1	2	12	12	24	64	1154
9/30/2010	35	72	31	114	0	3	1	2	10	30	40	69	1117
9/30/2011	37	82	27	38	3	1	3	2	9	40	49	43	1072
9/30/2012	60	83	41	46	2	1	1	2	16	23	39	39	1049
9/30/2013	52	87	37	45	2	1	1	2	21	26	47	38	1014
9/30/2014				41		1		2				37	
11 Yr Totals **	1197	781	360	704	16	27	15	18	186	257	443	505	

* Includes 401a transfers

** Totals are through current Plan Year only

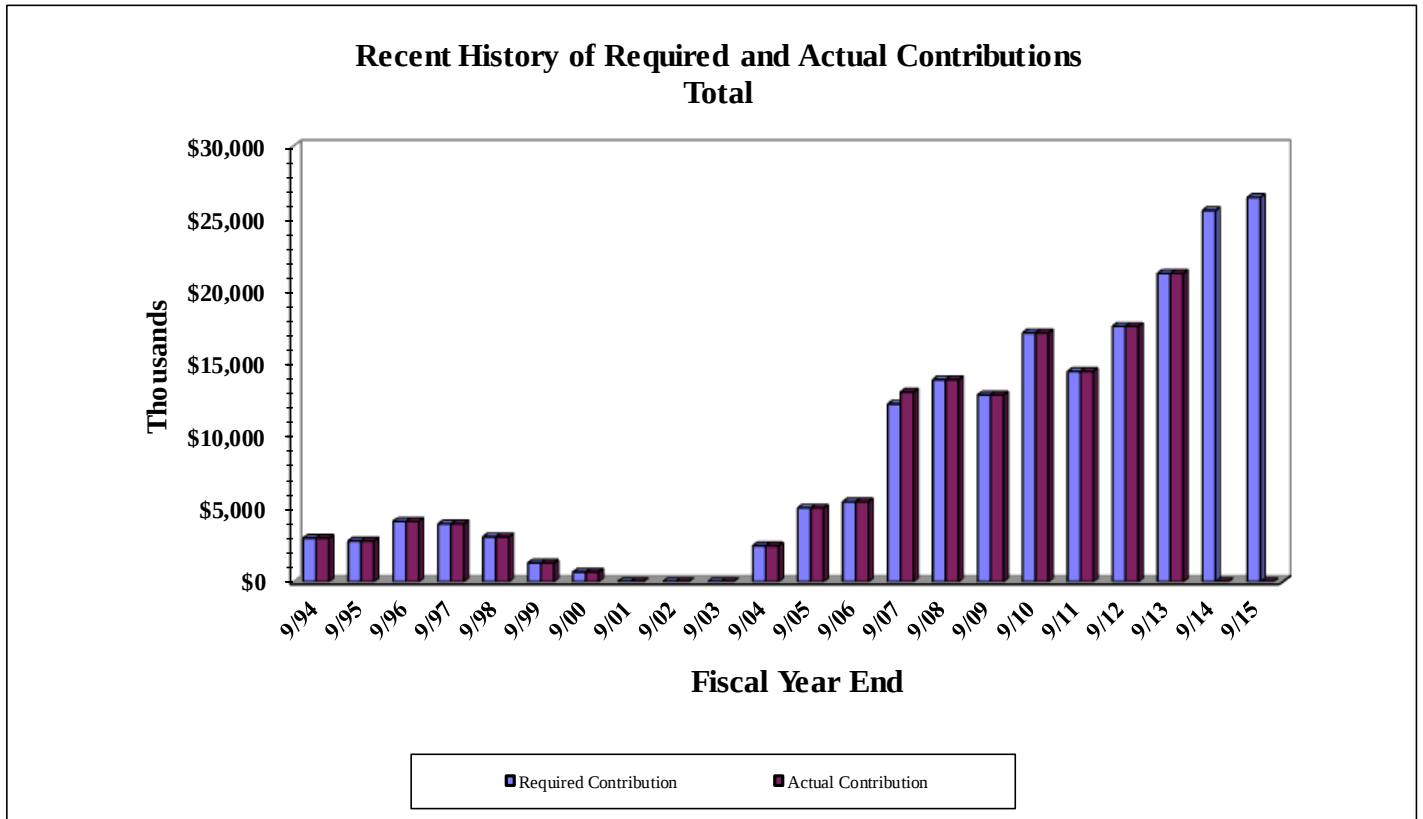
RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS						
Valuation Date	End of Year To Which Valuation Applies	Required Employer Contribution		Actual Employer Contribution	Expected Employee Contribution	
		Amount	% of Payroll ¹	Amount	Amount	% of Payroll
10/1/92	9/30/94	\$ 3,004,556	13.59 %	\$ 3,004,556	2,210,760	10.00 %
10/1/93	9/30/95	2,809,509	13.32	2,809,509	2,109,411	10.00
10/1/94	9/30/96	4,151,807	18.92	4,151,807	2,194,453	10.00
10/1/95	9/30/97	3,982,477	16.97	3,982,477	2,346,131	10.00
10/1/96	9/30/98	3,091,359	12.29	3,091,359	2,514,836	10.00
10/1/97	9/30/99	1,293,920	4.99	1,293,920	2,593,998	10.00
10/1/98	9/30/00	666,897	2.66	666,897	2,507,033	10.00
10/1/99	9/30/01	-	-	-	2,541,861	10.00
10/1/00	9/30/02	-	-	-	2,588,940	10.00
10/1/01	9/30/03	-	-	-	2,766,409	10.00
10/1/02	9/30/04	2,476,702	8.16	2,476,702	3,035,064	10.00
10/1/03	9/30/05	5,082,595	14.74	5,082,595	3,448,863	10.00
10/1/04	9/30/06	5,500,329	15.89	5,500,329	3,461,920	10.00
10/1/05	9/30/07	12,234,519 *	23.11	13,053,231	4,550,013 *	8.59
10/1/06	9/30/08	13,911,545	24.24	13,911,545	4,901,855	8.54
10/1/07	9/30/09	12,863,823	21.57	12,863,823	4,987,739	8.36
10/1/08	9/30/10	17,137,394	25.20	17,137,394	5,627,519	8.27
10/1/09	9/30/11	14,474,678	20.65	14,474,678	7,146,837	10.20
10/1/10	9/30/12	17,583,191	25.54	17,583,191 **	6,995,774	10.16
10/1/11	9/30/13	21,222,051	31.99	21,222,051	6,613,338	9.97
10/1/12	9/30/14	25,558,989 ***	39.29	NA	6,504,355 ***	10.00
10/1/13	9/30/15	26,456,580	41.65	NA	6,363,367	10.02
Average % of Payroll			17.04 %			9.73 %

* From February 28, 2006 Actuarial Impact Statement.

** Reflects use of \$1,271,123 prepaid contribution

*** From October 7, 2013 Actuarial Impact Statement.

⁽¹⁾ Non-DROP Payroll



ACTUARIAL ASSUMPTIONS AND COST METHOD

Valuation Methods

Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) dollar contributions over a reasonable period of future years.

Actuarial Value of Assets - The Actuarial Value of Assets phase in the difference between the expected actuarial value and actual market value of assets at the rate of 20% per year. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this Section.

Economic Assumptions

The investment return rate assumed in the valuations is 8.00% per year, compounded annually (net after investment expenses).

The **Wage Inflation Rate** assumed in this valuation was 4.00% per year. The Wage Inflation Rate is defined to be the portion of total pay increases for an individual that are due to macroeconomic forces including productivity, price inflation, and labor market conditions. The wage inflation rate does not include pay changes related to individual merit and seniority effects.

The assumed **real rate of return** over wage inflation is defined to be the portion of total investment return that is more than the assumed wage inflation rate. Considering other economic assumptions, the 8.00% investment return rate translates to an assumed real rate of return over wage inflation of 4.00%.

Rates of salary increases used are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefits will be based.

Years of Service	% Increase in Salary		
	Merit and Seniority	Base (Economic)	Total Increase
1	3.0%	4.0%	7.0%
2	2.9%	4.0%	6.9%
3	2.8%	4.0%	6.8%
4	2.7%	4.0%	6.7%
5	2.6%	4.0%	6.6%
6	2.5%	4.0%	6.5%
7	2.0%	4.0%	6.0%
8	1.9%	4.0%	5.9%
9	1.8%	4.0%	5.8%
10	1.7%	4.0%	5.7%
11	1.6%	4.0%	5.6%
12	1.5%	4.0%	5.5%
13	1.4%	4.0%	5.4%
14	1.3%	4.0%	5.3%
15	1.2%	4.0%	5.2%
16	1.1%	4.0%	5.1%
17	1.0%	4.0%	5.0%
18	0.9%	4.0%	4.9%
19	0.8%	4.0%	4.8%
20	0.7%	4.0%	4.7%
21+	0.5%	4.0%	4.5%

Demographic Assumptions

The mortality table was the RP-2000 Combined Healthy Participant Mortality Tables for males and females projected to the year 2010 using Scale AA. There is no provision for future mortality improvements after 2010. As noted in the Discussion of Valuation Results, we recommend that the mortality assumption be revised to include a margin for mortality improvements after 2010. Sample values of the current life expectancies are shown below.

This assumption is used to measure the probabilities of each benefit being made after retirement. For active members, the probabilities of dying before retirement were based upon the same mortality table as members dying after retirement (25% of deaths are assumed to be service-connected).

Current Mortality Assumption

Sample Attained Ages	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.18 %	0.14 %	31.85	34.16
55	0.30	0.25	27.17	29.44
60	0.57	0.48	22.66	24.89
65	1.11	0.92	18.44	20.61
70	1.91	1.59	14.60	16.69
75	3.29	2.59	11.12	13.15
80	5.82	4.28	8.13	10.00

The rates of retirement used to measure the probability of eligible members retiring during the next year are shown in the table below.

Normal Retirement Rates		
Years of Service	Age	Assumed Rate of Retirement
5-9	50-54	5.0 %
	55-59	5.0
	60-64	10.0
	65-69	20.0
	70+	100.0
10-14	50-54	5.0
	55-59	5.0
	60-64	10.0
	65-69	10.0
	70+	100.0
15-19	50-54	15.0
	55-59	15.0
	60-64	20.0
	65-69	25.0
	70+	100.0
20-24	50-54	25.0
	55-59	25.0
	60-64	35.0
	65-69	50.0
	70+	100.0
25-29	50-54	70.0
	55-59	40.0
	60-64	50.0
	65-69	50.0
	70+	100.0
30+	50-54	100.0
	55-59	100.0
	60-64	100.0
	65-69	100.0
	70+	100.0

The rate of retirement is 5% for each year of eligibility for early retirement.

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Sample Ages	Years of Service	% of Active Members Separating Within Next Year
ALL	0	9.80 %
	1	7.70
	2	6.20
	3	5.00
	4	4.00
20	5 & Over	7.00
25		6.64
30		6.16
35		5.28
40		4.20
45		3.44
50		2.84
55		2.60

Rates of disability among active members are shown in the table below (50% of disabilities are assumed to be service connected).

Sample Ages	% Becoming Disabled Within Next Year
25	0.03 %
30	0.03
35	0.05
40	0.07
45	0.11
50	0.17
55	0.23
60	0.37
65	0.56

Miscellaneous and Technical Assumptions

<i>Administrative & Investment Expenses</i>	The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be the average of non-investment related expenses averaged over the last two years. Assumed administrative expenses are added to the Normal Cost.
<i>Benefit Service</i>	Service rounded to the nearest month is used to determine the amount of benefit payable.
<i>Decrement Operation</i>	Disability and mortality decrements operate during retirement eligibility.
<i>Decrement Timing</i>	Decrement of all types are assumed to occur at the beginning of the year.
<i>Eligibility Testing</i>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<i>Forfeitures</i>	For vested separations from service, it is assumed that 0% of members separating will withdraw their contributions and forfeit an employer financed benefit. It was further assumed that the liability at termination is the greater of the vested deferred benefit (if any) or the member's accumulated contributions.
<i>Incidence of Contributions</i>	Employer contributions are assumed to be made in full on the first day of the fiscal year. Member contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
<i>Marriage Assumption</i>	85% of males and 85% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
<i>Normal Form of Benefit</i>	50% joint and survivor annuity; life annuity for members hired after September 30, 2010.
<i>Pay Increase Timing</i>	Middle of fiscal year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
<i>Cost of Living Increase</i>	2.5% per year for Tier A and Tier B members; 1.5% per year for Tier C members. Increases are assumed to begin 4 years after retirement / DROP for Tier A and Tier B members who do not participate in the AFSCME bargaining unit, 2.75 years after retirement / DROP for Tier A and Tier B members who participate in the AFSCME bargaining unit, and 4 years after retirement / DROP for Tier C members. This assumption reflects the COLA delay for DROP members.
<i>Maximum Benefits</i>	Benefits calculated for valuation purposes are limited to the maximum allowable benefits under Section 415 of the Internal Revenue Code.

GLOSSARY

<i>Actuarial Accrued Liability (AAL)</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 (APV)</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 (APVFB)</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, nonretired 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. 25, such as the Funded Ratio and the Annual Required Contribution (ARC).
<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 (ARC).

<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 or ARC 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 (ARC)</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB No. 25. The ARC consists of the Employer Normal Cost and Amortization Payment.
<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. On the other hand, 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.
<i>GASB No. 25 and GASB No. 27</i>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 25 sets the rules for the systems themselves.
<i>Normal Cost</i>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<i>Open Amortization Period</i>	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.
<i>Unfunded Actuarial Accrued Liability</i>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<i>Valuation Date</i>	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.

SECTION C

PENSION FUND INFORMATION

STATEMENT OF PLAN ASSETS AT MARKET VALUE

Item	September 30	
	2013	2012
A. Cash and Cash Equivalents (Operating Cash)	\$ -	\$ -
B. Receivables:		
1. Member Contributions	\$ -	\$ -
2. Employer Contributions	-	-
3. Investment Income and Other Receivables	1,271,032	677,079
4. Total Receivables	\$ 1,271,032	\$ 677,079
C. Investments		
1. Short Term Investments	\$ 5,640,604	\$ 8,587,189
2. Domestic Equities	250,644,127	220,807,764
3. International Equities	80,535,134	72,280,878
4. Domestic Fixed Income	124,379,524	119,997,247
5. International Fixed Income	5,244,053	543,630
6. Real Estate	-	-
7. Private Equity	-	-
8. ICMA Account (for DROP)*	4,835,836	6,215,544
9. Total Investments	\$ 471,279,278	\$ 428,432,252
D. Liabilities		
1. Benefits	\$ -	\$ -
2. Prepaid Employer Contribution	-	-
3. Expenses	(128,080)	(166,258)
4. Other	(1,434,854)	(213,117)
5. Total Liabilities	\$ (1,562,934)	\$ (379,375)
E. Total Market Value of Assets Available for Benefits	\$ 470,987,376	\$ 428,729,956
F. Reserves		
1. DROP Accounts*	\$ (4,835,836)	\$ (6,215,544)
2. Total Reserves	\$ (4,835,836)	\$ (6,215,544)
G. Adjustments		
1. Receivables from Excess Benefit Plan	\$ 622,153	\$ 933,230
2. Prepaid Contribution	-	-
3. Total Adjustments	\$ 622,153	\$ 933,230
H. Market Value Net of Reserves and Adjustments	\$ 466,773,693	\$ 423,447,642
I. Allocation of Investments		
1. Short Term Investments	1.20%	2.00%
2. Domestic Equities	53.18%	51.54%
3. International Equities	17.09%	16.87%
4. Domestic Fixed Income	26.39%	28.01%
5. International Fixed Income	1.11%	0.13%
6. Real Estate	0.00%	0.00%
7. Private Equity	0.00%	0.00%
8. ICMA Account (for DROP)	1.03%	1.45%
9. Total Investments	100.00%	100.00%

* Includes outstanding loan balances.

RECONCILIATION OF PLAN ASSETS

Item	September 30	
	2013	2012
A. Market Value of Assets at Beginning of Year	\$ 428,729,956	\$ 367,509,648
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ 7,168,858	\$ 7,425,051
b. Employer Contributions	21,222,051	16,312,068
c. Other	-	-
d. Total	\$ 28,390,909	\$ 23,737,119
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 6,555,026	\$ 5,095,280
b. Net Realized and Unrealized Gains/(Losses)*	49,188,741	69,957,932
c. Investment Expenses	(973,518)	(907,577)
d. Net Investment Income	\$ 54,770,249	\$ 74,145,635
3. Benefits and Refunds		
a. Refunds	\$ (1,021,269)	\$ (811,738)
b. Regular Monthly Benefits	(34,714,010)	(32,210,101)
c. DROP Disbursements	(4,474,949)	(2,934,154)
d. Total	\$ (40,210,228)	\$ (35,955,993)
4. Administrative and Miscellaneous Expenses	\$ (693,510)	\$ (706,453)
C. Market Value of Assets at End of Year	\$ 470,987,376	\$ 428,729,956
D. Reserves		
1. DROP Accounts**	\$ (4,835,836)	\$ (6,215,544)
2. Total Reserves	\$ (4,835,836)	\$ (6,215,544)
E. Adjustments		
1. Receivables from Excess Benefit Plan	\$ 622,153	\$ 933,230
2. Prepaid Contribution	-	-
3. Total Adjustments	\$ 622,153	\$ 933,230
F. Market Value Net of Reserves and Adjustments	\$ 466,773,693	\$ 423,447,642

* We were not provided with the breakdown of this amount between realized gains/(losses) and unrealized gains/(losses).

** Includes outstanding loan balances.

Reconciliation of DROP Accounts

Value at Beginning of Year	\$	6,215,544
Payments Credited to Accounts*		2,855,608
Investment Earnings Credited to Accounts		239,633
Withdrawals from Accounts		(4,474,949)
Value at End of Year		4,835,836

*Reflects change in outstanding loan balance.

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

Valuation Date – September 30	2012	2013	2014	2015	2016	2017
A. Actuarial Value of Assets Beginning of Year	\$ 430,525,778	\$ 426,658,355				
B. Market Value End of Year	428,729,956	470,987,376				
C. Market Value Beginning of Year	367,509,648	428,729,956				
D. Non-Investment/Administrative Net Cash Flow	(12,925,327)	(12,512,829)				
E. Investment Income						
E1. Actual Market Total: B-C-D	74,145,635	54,770,249				
E2. Assumed Rate of Return	8.15%	8.00%	8.00%	8.00%	8.00%	8.00%
E3. Assumed Amount of Return	34,561,144	33,632,155				
E4. Amount Subject to Phase-In: E1-E3	39,584,491	21,138,094				
F. Phase-In Recognition of Investment Income						
F1. Current Year: 0.20 x E4	7,916,898	4,227,619				
F2. First Prior Year	(7,754,825)	7,916,898	\$ 4,227,619			
F3. Second Prior Year	709,422	(7,754,825)	7,916,898	\$ 4,227,619		
F4. Third Prior Year	(7,750,361)	709,422	(7,754,825)	7,916,898	\$ 4,227,619	
F5. Fourth Prior Year	(18,624,374)	(7,750,361)	709,422	(7,754,825)	7,916,898	\$ 4,227,619
F6. Total Phase-Ins	(25,503,240)	(2,651,247)	5,099,114	4,389,692	12,144,517	4,227,619
G. Actuarial Value of Assets End of Year						
G1. Preliminary Actuarial Value of Assets	\$ 426,658,355	\$ 445,126,434				
G2. Upper Corridor Limit: 120%*B	514,475,947	565,184,851				
G3. Lower Corridor Limit: 80%*B	342,983,965	376,789,901				
G4. Funding Value End of Year	426,658,355	445,126,434				
G5. Less: DROP Account Balances	6,215,544	4,835,836				
G6. Plus: Adjustments	933,230	622,153				
G7. Less: Prepaid Contribution	-	-				
G8. Final Funding Value End of Year	421,376,041	440,912,751				
H. Difference between Market & Actuarial Value	\$ 2,071,601	\$ 25,860,942				
I. Actuarial Rate of Return	2.14%	7.37%				
J. Market Value Rate of Return	20.54%	12.96%				
K. Ratio of Actuarial Value to Market Value	99.52%	94.51%				

INVESTMENT RATE OF RETURN

Year Ended	General Plan **		Unclassified Plan	
	Market Value	Actuarial Value	Market Value	Actuarial Value
9/30/89	NA %	11.6 %	14.6 %	14.6 %
9/30/90	NA	7.3	(2.3)	(2.3)
9/30/91	NA	8.1	21.6	21.6
9/30/92	12.2	13.7	5.8	5.8
9/30/93	14.6	11.4	14.6	14.1
9/30/94	1.4	6.8	5.3	4.8
9/30/95	20.0	11.4	25.9	24.1
9/30/96	9.8	15.3	22.7	13.9
9/30/97	23.0	13.8	35.2	19.1
9/30/98	8.4	12.5	(0.3)	4.3
9/30/99	13.1	14.4	19.1	18.8
9/30/00	10.8	10.7	11.5	16.5
9/30/01	(7.4)	7.2	(8.1)	9.7
9/30/02	(5.9)	0.3	(9.8)	1.7
9/30/03	17.4	4.3	16.9	4.6
9/30/04	11.4	4.1	13.0	9.7
9/30/05	12.8	4.4	13.8	10.7
9/30/06	7.4 *	7.7	7.5 *	10.2 *
9/30/07	15.3	12.0	NA	NA
9/30/08	(13.6)	5.2	NA	NA
9/30/09	(0.8)	1.1	NA	NA
9/30/10	11.3	5.0	NA	NA
9/30/11	(0.9)	1.1	NA	NA
9/30/12	20.5	2.1	NA	NA
9/30/13	13.0	7.4	NA	NA
Average Returns:				
Last 5 Years	8.3 %	3.3 %	NA %	NA %
Last 10 Years	7.2 %	5.0 %	NA %	NA %
All Years	8.4 %	7.9 %	10.9 %	11.0 %

* Note: Effective 10/1/06, the former General and Unclassified Plans were merged and assets were combined. Investment returns after this date are for the total group.

** Combined Plan after 2006

SECTION D

FINANCIAL ACCOUNTING INFORMATION

FASB NO. 35 INFORMATION		
A. Valuation Date	October 1, 2013	October 1, 2012
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 438,041,165	\$ 421,724,519
b. Terminated Vested Members	12,839,377	11,480,115
c. Other Members	<u>155,200,791</u>	<u>156,713,222</u>
d. Total	606,081,333	589,917,856
2. Non-Vested Benefits	4,997,147	6,274,803
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	611,078,480	596,192,659
4. Accumulated Contributions of Active Members	63,736,469	61,073,761
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	596,192,659	563,637,296
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	(4,320,307)	0
b. Change in Actuarial Assumptions	0	9,416,347
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	57,797,015	59,513,517
d. Benefits Paid	<u>(38,590,887)</u>	<u>(36,374,501)</u>
e. Net Increase	14,885,821	32,555,363
3. Total Value at End of Period	611,078,480	596,192,659
D. Market Value of Assets	466,773,693	423,447,642
E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

SCHEDULE OF FUNDING PROGRESS
(GASB Statement No. 25)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
10/1/1993	\$ 185,721,855	\$ 187,130,465	\$ 1,408,610	99.2 %	\$ 21,094,111	6.7 %
10/1/1994	188,997,087	202,078,377	13,081,290	93.5	21,944,531	59.6
10/1/1995	208,877,297	213,844,465	4,967,168	97.7	23,461,309	21.2
10/1/1996	226,633,680	222,221,064	(4,412,616)	102.0	25,148,361	(17.5)
10/1/1997	251,171,973	232,871,332	(18,300,641)	107.9	25,939,981	(70.5)
10/1/1998	266,716,007	240,760,472	(25,955,535)	110.8	25,070,334	(103.5)
10/1/1999	305,344,213	263,462,059	(41,882,154)	115.9	25,418,614	(164.8)
10/1/2000	326,816,322	277,933,325	(48,882,997)	117.6	25,889,403	(188.8)
10/1/2001	336,024,366	292,748,088	(43,276,278)	114.8	27,664,085	(156.4)
10/1/2002	322,181,146	319,831,292	(2,349,854)	100.7	30,350,644	(7.7)
10/1/2003	320,053,468	338,904,200	18,850,732	94.4	34,488,630	54.7
10/1/2004	320,735,755	352,105,058	31,369,303	91.1	34,619,199	90.6
10/1/2005	325,727,087	368,096,409	42,369,322	88.5	36,680,110	115.5
10/1/2006	358,458,949	448,933,278	90,474,329	79.8	57,390,894	157.6
10/1/2007	412,824,235	478,067,829	65,243,594	86.4	59,632,425	109.4
10/1/2008	425,714,565	526,481,586	100,767,021	80.9	68,009,550	148.2
10/1/2009	420,520,122	545,536,965	125,016,843	77.1	70,097,549	178.3
10/1/2010	431,479,305	580,246,165	148,766,860	74.4	68,844,264	216.1
10/1/2011	425,781,050	602,577,503	176,796,453	70.7	66,346,904	266.5
10/1/2012 (b)	421,376,041	627,203,174	205,827,133	67.2	65,053,945	316.4
10/1/2012 (a1)	421,376,041	637,363,774	215,987,733	66.1	65,053,945	332.0
10/1/2012 (a2)	421,376,041	632,203,739	210,827,698	66.7	65,053,945	324.1
10/1/2013	440,912,751	649,797,221	208,884,470	67.9	63,526,903	328.8

(a) After Changes

(b) Before Changes

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(GASB Statement No. 25)

Year Ended September 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
1994	\$ 3,004,556	\$ 3,004,556	100.0 %
1995	2,809,509	2,809,509	100.0
1996	4,151,807	4,151,807	100.0
1997	3,982,477	3,982,477	100.0
1998	3,091,359	3,091,359	100.0
1999	1,293,920	1,293,920	100.0
2000	666,897	666,897	100.0
2001	0	0	NA
2002	0	0	NA
2003	0	0	NA
2004	2,476,702	2,476,702	100.0
2005	5,082,595	5,082,595	100.0
2006	5,500,329	5,500,329	100.0
2007	12,234,519	13,053,231	106.7
2008	13,911,545	13,911,545	100.0
2009	12,863,823	12,863,823	100.0
2010	17,137,394	17,137,394	100.0
2011	14,474,678	14,474,678	100.0
2012	17,583,191	17,583,191	100.0
2013	21,222,051	21,222,051	100.0

SECTION E
MISCELLANEOUS INFORMATION

RECONCILIATION OF MEMBERSHIP DATA		
	From 10/1/12 To 10/1/13	From 10/1/11 To 10/1/12
A. Active Members		
1. Number Included in Last Valuation	1,049	1,072
2. New Members Included in Current Valuation	52	60
3. Employment Terminations	(47)	(35)
4. Service Retirements	(15)	(13)
5. DROP Retirements	(22)	(28)
6. Disability Retirements	(2)	(2)
7. Deaths	(1)	(1)
8. Other - Transfers Out and Data Adjustments	<u>0</u>	<u>(4)</u>
9. Number Included in This Valuation	1,014	1,049
B. Terminated Vested Members		
1. Number Included in Last Valuation	63	68
2. Additions from Active Members	21	16
3. Lump Sum Payments/Refund of Contributions	(12)	(10)
4. Payments Commenced	(3)	(11)
5. Deaths	0	0
6. Other - Data Adjustments	<u>0</u>	<u>0</u>
7. Number Included in This Valuation	69	63
C. DROP Plan Members		
1. Number Included in Last Valuation	55	60
2. Additions from Active Members	22	28
3. Retirements	(21)	(32)
4. Deaths	0	(1)
5. Other	<u>0</u>	<u>0</u>
6. Number Included in This Valuation	56	55
D. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	1,045	1,015
2. Additions from Active Members	17	15
3. Additions from Terminated Vested Members	3	11
4. Additions from DROP Plan	21	33
5. Deaths Resulting in No Further Payments	(30)	(30)
6. Deaths Resulting in New Survivor Benefits	0	1
7. End of Certain Period - No Further Payments	(1)	0
8. Other	<u>0</u>	<u>0</u>
9. Number Included in This Valuation	1,055	1,045

MIAMI BEACH EMPLOYEES' RETIREMENT PLAN - ACTIVE MEMBERS ON OCTOBER 1, 2013

Age Group	Years of Service							Totals
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Up	
20-24	5							5
Total Pay	221,422							221,422
Avg Pay	44,284							44,284
25-29	38	32						70
Total Pay	1,707,331	1,250,499						2,957,830
Avg Pay	44,930	39,078						42,255
30-34	32	64	9					105
Total Pay	1,513,922	2,913,844	454,717					4,882,483
Avg Pay	47,310	45,529	50,524					46,500
35-39	26	72	20	10				128
Total Pay	1,418,685	3,703,931	1,064,599	672,648				6,859,863
Avg Pay	54,565	51,443	53,230	67,265				53,593
40-44	26	47	56	27	2			158
Total Pay	1,774,245	2,421,836	3,578,356	1,951,237	152,767			9,878,441
Avg Pay	68,240	51,528	63,899	72,268	76,384			62,522
45-49	19	52	40	37	18	8	1	175
Total Pay	1,401,451	3,010,750	2,634,004	2,593,533	1,470,553	668,708	80,116	11,859,115
Avg Pay	73,761	57,899	65,850	70,095	81,697	83,589	80,116	67,766
50-54	22	45	51	41	18	7	1	185
Total Pay	1,949,927	2,365,406	3,451,140	2,982,738	1,468,113	475,477	61,217	12,754,018
Avg Pay	88,633	52,565	67,669	72,750	81,562	67,925	61,217	68,941
55-59	12	24	23	23	7	1		90
Total Pay	708,554	1,169,240	1,494,802	1,453,779	571,576	194,558		5,592,509
Avg Pay	59,046	48,718	64,991	63,208	81,654	194,558		62,139
60-64	5	17	20	20	4		1	67
Total Pay	472,992	1,269,898	1,374,464	1,655,018	244,009		69,000	5,085,381
Avg Pay	94,598	74,700	68,723	82,751	61,002		69,000	75,901
65-99		9	8	6	6	2		31
Total Pay		460,424	444,284	290,326	398,685	111,757		1,705,476
Avg Pay		51,158	55,536	48,388	66,448	55,879		55,015
Total No.	185	362	227	164	55	18	3	1,014
Total Pay	11,168,529	18,565,828	14,496,366	11,599,279	4,305,703	1,450,500	210,333	61,796,538
Avg Pay	60,370	51,287	63,861	70,727	78,286	80,583	70,111	60,943

INACTIVE MEMBERS ON OCTOBER 1, 2013

Age	Terminated Vested		Disabled		Retirees, Beneficiaries & DROP		Grand Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 45	22	\$ 429,972	2	\$ 38,576	4	77,008	28	\$ 545,556
45-49	23	605,134	3	73,614	5	166,978	31	845,726
50-54	23	438,059	6	158,516	85	4,339,118	114	4,935,693
55-59	1	44,542	7	218,747	115	5,732,001	123	5,995,290
60-64	0	-	5	125,840	169	7,283,524	174	7,409,364
65-69	0	-	7	252,639	168	6,709,717	175	6,962,356
70-74	0	-	1	33,906	139	4,669,812	140	4,703,718
75-79	0	-	3	69,550	124	3,451,547	127	3,521,097
80-84	0	-	1	14,206	113	2,587,822	114	2,602,028
85-89	0	-	6	98,156	84	1,821,284	90	1,919,440
90 & Up	0	-	1	10,657	63	1,014,971	64	1,025,628
Total	69	\$ 1,517,707	42	\$1,094,407	1069	\$ 37,853,782	1,180	\$ 40,465,896

SECTION F
SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS

Effective Date

September 30, 2010 under Ordinance No. 2010-3693 and Ordinance No. 2010-3706

Eligibility

Each general employee who works more than 30 hours per week is eligible for membership on his date of employment

Creditable Service

Service credited under the predecessor system plus service after such date with respect to which member contributions are made.

Tiers of Employees

Tier C – All members hired on or after September 30, 2010 (October 27, 2010 for members of CWA)

Tier B – Members of AFSCME hired on or after April 30, 1993; members classified as GSA or "Other" hired on or after August 1, 1993; members of CWA hired on or after February 21, 1994; and Unclassified members hired on or after October 18, 1992.

Tier A – All other members

Earnings

For Tier B and C members, base pay including longevity, but excluding overtime, shift differential or extra compensation allowances. For Tier A members, actual salary or wages received. Earnings do not include lump sum payments of unused sick or vacation time. Overtime pay for Classified Tier A members is limited to 10% of regular pay.

Final Average Monthly Earnings (FAME)

One-twelfth of average annual Earnings during the two highest paid years of Creditable Service, not less than the average monthly earnings for the 12 months as of March 8, 2006 for Unclassified Tier A members

Effective September 30, 2010 averaging period is five years except for members who are less than five years away from normal retirement eligibility. Members who are eligible for normal retirement within two years or less as of September 30, 2010 will have average earnings of two years. Members who are eligible for normal retirement in within three years as of September 30, 2010 will have average earnings of three years. Members who are eligible for normal retirement within four years as of September 30, 2010 will have average earnings of four years.

Normal Retirement

Eligibility	Age 50 and five years of Creditable Service for those in Tier A
	Age 55 and five years of Creditable Service for those in Tier B
	Age 55 with 30 years of service or age 62 with 5 years of service for those in Tier C

Benefit 3% of FAME multiplied years of Creditable Service with the total not to exceed 80% of FAME. There is a 90% cap for certain Tier A members.

2.5% of FAME multiplied years of Creditable Service with the total not to exceed 80% of FAME for Tier C members.

Form of Benefit 50% joint and survivor annuity payable only to the spouse or, if no spouse, to the surviving children until age 21; other options are also available. Spouse's benefits cease upon remarriage.

Life annuity for Tier C members

COLA 2.5% for Tier A and Tier B members; 1.5% for Tier C members

Early Retirement

Eligibility Tier B members of the General Plan whose total of age plus service is 75, not earlier than age 50

Tier C members whose total of age plus service is 75, not earlier than age 55

Benefit Accrued pension actuarially reduced for number of years by which Early Retirement Date precedes Normal Retirement Date.

Form of Benefit 50% joint and survivor annuity payable only to the spouse or, if no spouse, to the surviving children until age 21; other options are also available. Spouse's benefits cease upon remarriage.

Life annuity for Tier C members

COLA 2.5% for Tier A and Tier B members; 1.5% for Tier C members

Delayed Retirement

Eligibility Any time after the Normal Retirement Date.

Benefit Calculated in the same manner as the Normal Retirement Benefit but using the FAME and Creditable Service as of the actual retirement date.

Form of Benefit 50% joint and survivor annuity payable only to the spouse or, if no spouse, to the surviving children until age 21; other options are also available. Spouse's benefits cease upon remarriage.

Life annuity for Tier C members

COLA 2.5% for Tier A and Tier B members; 1.5% for Tier C members

Disability Benefits

Eligibility A total and permanent disability which renders a member incapacitated for the further performance of duty. Five years of Creditable Service is also required unless the disability is service-connected.

Benefit	Ordinary Disability: Accrued retirement benefit, without reduction, with a minimum of 35% of FAME. Service-Connected Disability: Accrued retirement benefit without reduction, with a minimum of 65% of FAME; 75% of FAME minimum for General Tier A members. Such amounts are reduced by workers' compensation benefits and, in certain cases, earned income will be considered in offsetting the benefit. The period of disability shall be included in Creditable Service for purposes of computing normal retirement benefits when a disability retiree reaches normal retirement age.
Form of Benefit	50% joint and survivor annuity payable only to the spouse or, if no spouse, to the surviving children until age 21; other options are also available. Spouse's benefits cease upon remarriage. Life annuity for Tier C members
COLA	2.5% for Tier A and Tier B members; 1.5% for Tier C members

Preretirement Death Benefits

For a member who has at least three years of Creditable Service but who dies before commencement of retirement benefits, a monthly benefit is payable to the spouse or, if no spouse, to the children until age 21. The benefit is equal to 50% of the accrued normal retirement benefit without reduction with the result being a minimum of 30% of FAME and a maximum of 40% of FAME for General members.

Termination Benefits

Any member who terminates employment and does not request a refund of his own contributions and has completed at least five years of Creditable Service will be eligible to receive his accrued benefit upon reaching his normal retirement age.

Contributions

Tier A Members	12% of Earnings.
Tier B and Tier C Members	10% of Earnings.
	Employees who have reached the applicable benefit accrual cap (90% for General Tier A employees and 80% for all others) but have not yet reached retirement age will continue to contribute to the pension Plan, but only on the amount by which pay increases after reaching the cap
From the City	The amount necessary to fund the Plan properly according to the Plan's actuary.

Deferred Retirement Option Plan (DROP)

Eligibility	Members who are eligible for Normal Retirement
Benefit	The member's Credited Service and AFC are frozen upon entry into the DROP. The monthly retirement benefit as described under Normal Retirement is calculated based upon the frozen Credited Service and AFC.
Maximum DROP Period	60 months for Tier A and Tier B members who do not participate in the AFSCME bargaining unit; 36 months for Tier A and Tier B members who participate in the AFSCME bargaining unit; 60 months for Tier C members
Interest Credited	The investment return is determined by the self-directed investments.
Normal Form of Benefit	Lump Sum
COLA	None

Changes Since Last Valuation

Under Ordinance Number 2013-3806 and Ordinance Number 2014-3837 the following changes in Plan provisions were implemented for all members except members participating in the AFSCME bargaining unit:

- The maximum period for participation in the Deferred Retirement Option Program (DROP) is extended from three to five years for members hired before October 1, 2010 (i.e., Tier A and Tier B members). This extension applies to all active members in Tiers A and B who elect to participate in the DROP in the future as well as current DROP members. The 2.5% COLA is not payable while members are in the DROP.
- The option for members to purchase up to 2-years of credited service is eliminated.