

# MIAMI BEACH

OFFICE OF THE CITY MANAGER

NO. LTC #179-2014

## LETTER TO COMMISSION

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2014 MAY 30 AM 10:57  
CITY CLERK'S OFFICE

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: May 22, 2014

SUBJECT: Actuarial Valuation Reports for the City's Two Pension Plans: City Pension Fund for Firefighters and Police Officers in the City of Miami Beach and the Miami Beach Employees Retirement Plan

The purpose of this Letter to Commission (LTC) is to provide the Mayor and the City Commission with the City's Annual Required Contributions payable October 1, 2014, for both of the City's pension plans.

The Annual Actuarial Valuation Report for the Miami Beach Employees' Retirement Plan was adopted during the May 13, 2014 Pension Board meeting (Attached). Based on the results of the valuation, the City's Annual Required Contribution (ARC) towards the Miami Beach Employees' Retirement Plan payable October 1, 2014 for FY 2014/15 is 26.5 million, an increase of \$0.9 million.

The Annual Actuarial Valuation Report for the City's Pension Fund for Firefighters and Police Officers was adopted during the May 15, 2014 Pension Board meeting. Based on the results of the valuation, the City's Annual Required Contribution (ARC) towards the Pension Fund for Fire and Police Officers payable October 1, 2014 for FY 2014/15 is \$33.0 million, a decrease of \$2.8 million.

It is important to note that after pension reform was implemented last year, the ARC for the City's Pension Fund for Firefighters and Police Officers for FY 2013/14 (based on the 10/1/12 valuation), decreased from \$41.7 million to \$35.8 million, a decrease of \$5.3 million. The decrease to \$33 million for FY 2013/14 represents additional savings.

In addition, the projected ARC for the Miami Beach Employees' Retirement Plan for FY 2014/15, based on the 10/1/12 valuation, was \$28,264,000 (42.18 percent of payroll). The actual \$26.5 million (based on the 10/1/13 valuation), reflects the impact of pension reform and better than assumed investment experience, among other items. A projection for FY 2014/15 was not made last year for the Pension Fund for Fire and Police Officers.

Attached, please find a summary of valuation data for both of the City's pension plans for the past five years. Should you require additional information, please do not hesitate to contact Kathie Brooks, Assistant City Manager or myself.

Thank you.

JLM:KGB:ap  
Attachment

**CITY OF MIAMI BEACH  
VALUATION DATA OF CITY'S PENSION PLANS**

<b>FIRE AND POLICE</b>						
<b>ARC Payable October 1 of Fiscal Year</b>	<b>Valuation 10/1</b>	<b>Actuarial Required City Contribution</b>	<b>Projected Pensionable Payroll</b>	<b>% of Payroll</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>% Funded</b>
2008	2008	\$23,283,269	\$53,153,934	43.80%	\$176,368,131	74.2%
2009	2009	\$34,416,519	\$51,636,070	66.66%	\$266,792,988	66.0%
2010	2010	\$36,176,910	\$49,718,966	72.76%	\$291,931,506	64.3%
2011*	2011	\$39,371,501	\$49,186,724	80.04%	\$339,297,448	61.1%
2012*	2012	\$41,077,586	\$46,313,650	88.70%	\$377,671,869	59.1%
2012**	2012	\$35,839,777	\$46,313,650	77.40%	\$357,710,800	60.4%
2013	2013	\$33,028,839	\$47,164,032	70.00%	\$292,005,152	69.4%

\* For the Fiscal year that ended 09/30/2011, the state required that we calculate the contributions requirements as a percentage of pensionable payroll. So instead of the initial \$34,416,519, the contribution requirement for that year was revised at year end \$32,691,020.65, which produced a credit of \$1,725,498.35. The contribution requirement for fiscal year ending 09/30/2012 of \$36,176,910 was reduced by the credit of \$1,725,498.35. So the actual contribution made was \$34,451,412.00 instead of the \$36,176,910.

\*\* Prior to 2013 Pension Reform

\*\*\*\* Net of 2013 Pension Reform

<b>GENERAL EMPLOYEES</b>						
<b>ARC Payable October 1 of Fiscal Year</b>	<b>Valuation 10/1</b>	<b>Actuarial Required City Contribution</b>	<b>Covered Payroll</b>	<b>% of Payroll</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>% Funded</b>
2009-2010	2008	\$17,137,394	\$68,009,550	25.20%	\$100,767,021	80.9%
2010-2011	2009	\$14,474,678	\$70,097,549	20.65%	\$125,016,843	77.1%
2011-2012	2010	*\$17,583,191	\$68,844,264	25.54%	\$148,766,860	74.4%
2012-2013	2011	\$21,222,051	\$66,346,904	31.99%	\$176,796,453	70.7%
2013-2014**	2012	\$26,212,015	\$65,053,945	40.29%	\$215,987,733	66.1%
2013-2013***	2012	\$25,558,989	\$65,053,945	39.29%	\$210,827,698	66.7%
2014-2015	2013	\$26,456,580	\$63,526,903	41.65%	\$208,884,470	67.9%

\* Amount was reduced by \$466,878 due to City credit in FY2010/11 for reasons similar to above.

\*\* Prior to 2013 Pension Reform

\*\*\* Net of 2013 Pension Reform