

**CITY OF MIAMI BEACH, FLORIDA
MIAMI BEACH EMPLOYEES'
RETIREMENT SYSTEM**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2006 AND 2005

INDEPENDENT AUDITORS' REPORT

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

We have audited the statements of net plan assets of the City of Miami Beach, Florida, Miami Beach Employees' Retirement System (the "Plan") as of September 30, 2006 and 2005, and the related statements of changes in net plan assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Plan as of September 30, 2006 and 2005, and changes in plan net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 2 to 5 and the supplementary schedules of funding progress and employer contributions on pages 13 and 14 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

The combined pro forma supplementary schedules of statement of plan net assets and statements of changes in plan net assets for the year ended September 30, 2005 is presented for comparative purposes, as if the Miami Beach Employees' Retirement System would have been one plan. See Note 1 to the financial statements.

Spear Safer CPAs & Advisors

Miami, Florida
April 6, 2007

CITY OF MIAMI BEACH, FLORIDA
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM

Management's Discussion and Analysis
(Required Supplementary Information)

September 30, 2006 and 2005

The discussion and analysis of the City of Miami Beach, Florida Miami Beach Employees' Retirement System (the "Plan") financial performance provides an overview of the financial activities and funding conditions for the fiscal years ended September 30, 2006 and 2005 (as pro forma, see Note 1 to the financial statements). Please review it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- Net plan assets increased by \$27,644,714 from \$346,845,205 for the year ended September 30, 2005 to \$374,489,919 for the year ended September 30, 2006 (or a 7.970% increase).
- Employer contributions to the Plan were \$5,500,329 for the year ended September 30, 2006 based on the actuarial valuation report performed as of October 1, 2004. \$5,082,595 was required for the year ended September 30, 2005, based on the actuarial valuation report performed as of October 1, 2003.
- Employee contributions increased by \$17,310,615 (or a 487.62% increase). The employee contributions were \$20,860,631 for the year ended September 30, 2006 and \$3,550,016 for the year ended September 30, 2005. This increase was due to the migration of private pension funds that were added to the Plan during the merging of the Plans.
- The net investment income decreased by \$14,910,293 (or -37.16%). The net increase in fair value of investments for the year ended September 30, 2006 was \$21,667,566 of net unrealized and realized gains and losses, income from interest and dividends was \$4,298,634 compared to \$36,586,589 of net unrealized and realized gains and losses and \$4,287,476 of income from interest and dividends for the year ended September 30, 2005. Investment management expenses increased by \$2,428 (or 0.32%) from \$752,677 for the year ended September 30, 2005 to \$755,105 for the year ended September 30, 2006.
- Benefit payments and contributions refunded increased by \$1,466,300 (or 6.649%) from \$22,053,056 for the year ended September 30, 2005 to \$23,414,407 for the year ended September 30, 2006.
- Administrative expenses increased by \$39,703 (an increase of 8.31%) from \$477,891 for the year ended September 30, 2005 to \$517,594 for the year ended September 30, 2006.

PLAN HIGHLIGHTS

In general, when compared to the year ended September 30, 2005, the net assets held in trust for pension benefits increased by \$27,644,714 or 7.970% from \$346,845,205 for the year ended September 30, 2005 to \$374,488,919 for the year ended September 30, 2006.

CITY OF MIAMI BEACH, FLORIDA

MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM

Management's Discussion and Analysis (Continued)
(Required Supplementary Information)

USING THE ANNUAL REPORT

The financial statements reflect the activities of the City of Miami Beach, Florida Miami Beach Employees' Retirement System and are reported in the Statements of Net Plan Assets Available for Benefits and the Statements of Changes in Net Plan Assets Available for Benefits. These statements are presented on a full accrual basis and reflect all trust activities as incurred and are based on a snapshot in time of account balances of investments at the fiscal year end.

STATEMENTS OF NET PLAN ASSETS AVAILABLE FOR BENEFITS

The following condensed comparative Statements of Net Plan Assets demonstrates the investment position of the Plan at:

	<u>September 30, 2006</u>	As Pro Forma <u>September 30, 2005</u>
Cash	\$ 699,489	\$ 535,010
Interest and dividends receivable	491,916	438,574
Investments	<u>373,298,514</u>	<u>345,871,621</u>
 Net Assets	 <u>\$ 374,489,919</u>	 <u>\$ 346,845,205</u>

STATEMENTS OF CHANGES IN NET PLAN ASSETS AVAILABLE FOR BENEFITS

The Statements of Changes in Net Plan Assets, display the effect of pension fund transactions that occurred during the fiscal year, where Additions – Deductions = Net Increase (or decrease) in Net Assets. The table below reflects a condensed comparative summary of the changes in net assets and reflects the activities of the Plan.

	<u>Year Ended September 30, 2006</u>	As Pro Forma <u>Year Ended September 30, 2005</u>
Additions:		
Contributions -		
Employer	\$ 5,500,329	\$ 5,082,595
Employees	20,860,631	3,550,016
Library/Metro Dade	<u>4,660</u>	<u>4,542</u>
 Total Contributions	 26,365,620	 8,637,153
 Net investment income	 <u>25,211,095</u>	 <u>40,121,388</u>
 Total Increase	 51,576,715	 48,758,541

CITY OF MIAMI BEACH, FLORIDA

MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM

Management's Discussion and Analysis (Continued)
(Required Supplementary Information)

STATEMENTS OF CHANGES IN NET PLAN ASSETS (Continued)

	<u>Year Ended</u> <u>September 30, 2006</u>	<u>As Pro Forma</u> <u>Year Ended</u> <u>September 30, 2005</u>
Deductions:		
Benefits paid	\$ 23,105,121	\$ 21,638,821
Contributions refunded	309,286	414,235
Administrative expenses	<u>517,594</u>	<u>477,891</u>
Total Deductions	<u>23,932,001</u>	<u>22,530,947</u>
Net increase	27,644,714	26,227,594
Net assets held in trust for pension benefits at beginning of year	<u>346,845,205</u>	<u>320,617,611</u>
Net assets held in trust for pension benefits at end of year	<u>\$ 374,489,919</u>	<u>\$ 346,845,205</u>

The Plan's investment activity, measured as of the end of any month, quarter or year, is a function of the underlying marketplace for the period measured and the investment policy's asset allocation. There was opportunity for positive returns on investment of a diversified portfolio for this fiscal year.

ASSET ALLOCATION

As of September 30, 2006, the equity portion comprised 66.06% (\$247,493,861) of the total portfolio. The allocation of fixed income securities was 32.36% (\$121,208,888), while cash and short-term investments comprised 1.58% (\$5,925,050). The target asset allocation was as follows:

66%	Equity
34%	Fixed Income

CITY OF MIAMI BEACH, FLORIDA
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM

Statements of Net Plan Assets Available for Benefits

September 30, 2006 and 2005

	2006	As Pro Forma 2005
Assets:		
Cash	\$ 699,489	\$ 535,010
Interest and dividends receivable	491,916	438,574
Investments, at fair value:		
Common stocks	61,877,311	86,151,293
Index funds – stock	185,616,550	145,293,216
Aggregate bond index fund	64,800,497	63,695,457
United States Government securities	19,130,130	16,591,434
Corporate bonds	37,278,261	32,011,554
Short-term investments	5,925,050	2,128,667
Total Investments	374,627,799	345,871,621
Payable for securities purchased	(1,329,285)	-
Net assets held in trust for pension benefits (a schedule of funding progress is presented on Page 13)	\$ 374,489,919	\$ 346,845,205

The accompanying notes are an integral part of these financial statements.

CITY OF MIAMI BEACH, FLORIDA
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM

Statements of Changes in Net Plan Assets Available for Benefits

Years Ended September 30, 2006 and 2005

	2006	As Pro Forma 2005
Additions:		
Contributions –		
Employer	\$ 5,500,329	\$ 5,082,595
Employee	<u>20,860,631</u>	<u>3,550,016</u>
	26,360,960	8,632,611
Library / Metro Dade	<u>4,660</u>	<u>4,542</u>
Total Contributions	<u>26,365,620</u>	<u>8,637,153</u>
Net increase in fair value of investments	21,667,566	36,586,589
Interest income	2,010,482	1,795,529
Dividends	<u>2,288,152</u>	<u>2,491,947</u>
	25,966,200	40,874,065
Less investment management expenses	<u>755,105</u>	<u>752,677</u>
Net Investment Income	<u>25,211,095</u>	<u>40,121,388</u>
Total Increase	<u>51,576,715</u>	<u>48,758,541</u>
Deductions:		
Benefits paid	23,105,121	21,638,821
Contributions refunded	309,286	414,235
Administrative expenses	<u>517,594</u>	<u>477,891</u>
Total Deductions	<u>23,932,001</u>	<u>22,530,947</u>
Net Increase	<u>27,644,714</u>	<u>26,227,594</u>
Net Assets Held in Trust for Pension Benefits:		
Beginning of Year	<u>346,845,205</u>	<u>320,617,611</u>
End of Year	<u>\$ 374,489,919</u>	<u>\$ 346,845,205</u>

The accompanying notes are an integral part of these financial statements.

CITY OF MIAMI BEACH, FLORIDA
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM

Notes to Financial Statements

Years Ended September 30, 2006 and 2005

NOTE 1 – PLAN DESCRIPTION

All full-time employees of the City of Miami Beach, Florida (the "City") who work more than 30 hours per week and hold classified and unclassified positions, except for Policemen and Firemen, are covered by the City of Miami Beach, Florida, Miami Beach Employees' Retirement Plan (the "Plan"). A classified employee and/or an unclassified employee is one who is employed by the City on a regular basis, receives compensation from the City for personal services, and who is within a group or classification of employees designated by the Board of Trustees as eligible for membership in the Plan. The Plan is the administrator of a single-employer pension plan that was established by the City under Ordinance #2006-3504 (March 8, 2006). Effective on March 18, 2006, the Miami Beach Employees' Retirement System was created under and by the authority of Chapter 18691, Laws of Florida, Acts of 1937, as amended, by merging the "Retirement System for General Employees of the City of Miami Beach created by Ordinance 1901 with the "Retirement System for Unclassified Employees and Elected Officials of the City of Miami Beach created by Ordinance 88-2603, as amended.

Combined Pro Forma Presentation at September 30, 2005 – For financial statement presentation purposes the balances as of September 30, 2005 of the presently merged Retirement Plans, formerly known as Retirement System for General Employees Plan and Retirement System for Unclassified Employees and Elected Officials Plan are hereby presented combined as if the plans would have been one plan at September 30, 2005. This presentation will conform with the presentation of the balances at September 30, 2006. Actuarial schedules and numbers herein included in these financial statements are presented under the Retirement System for General Employees Plan and Retirement System for Unclassified Employees and Elected Officials Plan as originally reported by the actuary of the Systems, as these schedules referred to dates prior to the merge of the Plans as one Plan on March 18, 2006.

At October 1, 2005 and 2004, membership consisted of:

	<u>As Pro Forma</u> <u>2005</u>	<u>As Pro Forma</u> <u>2004</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>1,042</u>	<u>1,066</u>
Current Employees	<u>736</u>	<u>725</u>

CITY OF MIAMI BEACH, FLORIDA
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM

Notes to Financial Statements (Continued)

NOTE 1 – PLAN DESCRIPTION (Continued)

Principally all full-time classified and unclassified employees of the City, except those who joined the 401(a) Plan, must participate in the Plan.

Classified employees in the Plan are segregated into three unions and into a category called "Others": American Federation of State, County, and Municipal Employees ("AFSCME"), CWA (formerly Benevolent) and Government Supervisors Association ("GSA"). Unclassified and "Others" employees are not represented by a bargaining unit.

The Plan provides retirement benefits as well as death and disability benefits at two different tiers depending on when the employees entered the Plan.

The First Tier is for members that entered the Plan prior to the Second Tier Dates. The Second Tier Dates were established when each of the unions bargained with the City to establish new guidelines for retirement benefits relating to employees associated with their Unions. The Second Tier Dates are April 30, 1993 for members of AFSCME; August 1, 1993 for those classified as "Other and GSA" and February 21, 1994 for members of CWA. The Second Tier is for members that entered the Plan on or after the Second Tier Dates.

Classified members administered under the First Tier are eligible for Normal Retirement at age 50 and incrementally over five years of Creditable Service and are entitled to benefits of 3% of Final Average Monthly Earnings ("FAME") multiplied by the first 15 years of Creditable Service plus 4% of FAME multiplied by years of service in excess of 15, with the total not to exceed 90% of the Final Average Monthly Earnings. FAME for the First Tier members is defined as one-twelfth of the average annual earnings during the two highest paid years of Creditable Service. First Tier unclassified members accrued 4% for Creditable Service before October 18, 1992. Unclassified First Tier members accrued 3% per year of service after October 18, 1992, with the total not to exceed 80% of FAME.

Classified and unclassified members administered under the Second Tier are eligible for Normal Retirement at age 55 and incrementally over five years of Creditable Service and are entitled to benefits of 3% of FAME multiplied by Creditable Service, with a maximum of 80% of FAME. FAME for the Second Tier members is defined as one-twelfth of average annual earnings during the two highest paid years of Creditable Service.

New employees to the Plan will vest over five years instead of ten years and the retirement age will be age 55 instead of age 60.

All First Tier employees who participate are required to contribute 10% of their salary to the Plan. All Second Tier employees are required to contribute 8% of their salary. Employee contributions as disclosed in the financial statements include buybacks.

CITY OF MIAMI BEACH, FLORIDA
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM

Notes to Financial Statements (Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Any First Tier member who terminates employment may either request a refund of his or her own contributions plus interest or receive his or her accrued benefit beginning at age 50, if at least five years of Creditable Service are completed, or at age 62, if less than five years of Creditable Service are completed. Any Second Tier member who entered on or after the Second Tier Date and who terminates employment after five years of Creditable Service may either request a refund of his or her own contributions plus interest or receive his or her accrued benefit beginning at age 55.

Basis of Accounting – The Plan's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Effective October 1, 1996, the Plan has implemented Statement 25 of the Governmental Accounting Standards Board for financial statement presentation. Effective June 15, 1997, the Plan has also implemented Statement 27 of Governmental Accounting Standards Board for financial statement presentation. Effective June 15, 2004, the Plan has also implemented Statement 40 of the Governmental Accounting Standards Board for Financial Statement Presentation.

Investments – Investments in common stocks, stock index funds, and aggregate bond index funds are recorded at fair value as determined by quoted published prices. Short-term investments are recorded at cost which approximates fair value. Dividend and interest income are recognized when earned. Gains and losses on sales and exchanges of investments are recognized on the trade date.

Investments may be made as deemed appropriate by the investment managers of the Plan.

Administrative Expenses – Administrative and investment expenses are paid directly by the Plan. These expenses include, but are not limited to, all attorney fees and costs incurred by or on behalf of the Plan.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

CITY OF MIAMI BEACH, FLORIDA
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM

Notes to Financial Statements (Continued)

NOTE 3 – CONTRIBUTIONS

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age actuarial cost method. The Plan also uses the level percentage of payroll method to amortize any unfunded actuarial accrued liability over a 30-year period. The unfunded actuarial accrued liability as of October 1, 2005, the date of the latest actuarial report, was \$5,731,179 and \$36,638,143 for the Former Retirement System for Unclassified Employees and Elected Officials Plan and the Former Retirement System for General Employees Plan, respectively.

Effective October 1, 1996, the asset valuation method was changed to recognize the difference between actual investment return and expected return and will be amortized over five (5) years.

Significant actuarial assumptions used include (a) investment return of 8.5%, net rate after investment related expenses, (b) 2000 Group Annuity Mortality Table; for those who have terminated employment before October 1, 1993, rates are based on the Plan's own experience, (c) for retirement, once a member is eligible to retire, a probability of retirement based on age is used (effective October 1, 1996), (d) projected salary increases of 6% per year compounded annually, attributable to inflation, and (e) cost of living increases of 2.5% per year compounded annually.

For the year ended September 30, 2006, the City was required to make contributions of \$1,674,339 and \$3,825,990, to the former Retirement System for Unclassified Employees and former Retirement System for General Employees Plans, respectively, in accordance with actuarially determined requirements computed through an actuarial valuations performed as of October 1, 2004. Contributions of \$1,616,217 and \$3,466,378 were required for the year ended September 30, 2005, based on an actuarial valuation report performed as of October 1, 2003. For the year ended September 30, 2006, the employees contributed \$11,433,278 and \$9,427,353, to the former Retirement System for Unclassified Employees and Elected Officials and the former Retirement System for General Employees Plans, respectively, which represents 45.75% and 29.34% of covered payroll. These employee contributions include migrated pension balances from the City of Miami Beach Employees 401(a) accounts which amounted to \$10,187,256 and \$6,775,877, respectively.

NOTE 4 – INVESTMENTS

As of September 30, 2006 and 2005, the level of credit risk of the Plan's investments is in Category 1 as defined by the Governmental Accounting Standards Board, which includes investments that are insured or registered or securities held by the Plan or its agent in the Plan's name. There are no investments, loans to or leases with parties related to the Plan. There were no investments in any one company which individually exceeded 5% of the net assets held in trust for pension benefits.

CITY OF MIAMI BEACH, FLORIDA
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM

Notes to Financial Statements (Continued)

NOTE 4 -- INVESTMENTS (Continued)

The risk disclosures related to the fiscal year end September 30, 2006, are as follows:

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investments by maturity at September 30, 2006:

Investment Type:	Remaining Maturity in Months		
	12 Months or Less	13 to 24 Months	25 to 360 Months
Aggregate bond index fund	\$ 129,601	\$ 7,387,265	\$ 57,283,631
U.S. Government Securities	-	1,199,295	17,930,835
Corporate bonds	1,013,641	2,364,745	33,899,875
Short-term obligations	<u>5,925,050</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,068,292</u>	<u>\$ 10,951,305</u>	<u>\$ 109,114,341</u>

Credit Risk – This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Plan's investment policy utilizes portfolio diversification in order to control this risk.

The following table discloses credit ratings by investment type, at September 30, 2006.

Investment Type	<u>AAA</u>	<u>Aa</u>	<u>A</u>	<u>Unrated</u>
Aggregate index bond fund	\$ 51,775,655	\$ 3,369,630	\$ 5,248,846	\$ 4,406,366
U.S. Government Securities	15,713,226	3,416,904	-	-
Corporate bonds	3,378,386	15,945,276	8,943,558	9,011,041
Short-term obligations	<u>-</u>	<u>1,294,708</u>	<u>-</u>	<u>4,630,342</u>
	<u>\$ 70,867,267</u>	<u>\$ 24,026,518</u>	<u>\$ 14,192,404</u>	<u>\$ 18,047,749</u>

Concentration of Credit Risk – The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum asset allocation percentages.

CITY OF MIAMI BEACH, FLORIDA
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM

Notes to Financial Statements (Continued)

NOTE 4 – INVESTMENTS (Continued)

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. All securities purchased by the Plan is designated as an asset of the Plan in the Plan's name and are held in safekeeping by the Plan's custodial bank or a third party custodial institution, chartered by the United States Government or the State of Florida.

The carrying amounts of investments held at September 30, are as follows:

	<u>2006</u>	<u>As Pro Forma 2005</u>
Common stocks	\$ 55,186,591	\$ 41,698,151
Index funds – stock	131,273,291	128,448,996
Aggregate bond index fund	79,613,556	72,515,793
United States Government securities	19,059,281	16,406,887
Corporate bonds	17,803,661	14,385,572
Short-term investments	<u>4,345,749</u>	<u>2,024,433</u>
	<u>\$ 307,282,129</u>	<u>\$ 275,479,832</u>

Net increase (decrease) in fair value of the Plan's investments (including investments bought, sold, and held during the year) for the years ended September 30, are as follows:

	<u>2006</u>	<u>As Pro Forma 2005</u>
Common stocks and index funds	\$ 19,524,448	\$ 34,808,253
United States Government securities	(113,697)	(55,125)
Corporate bonds and aggregate bond index funds	<u>2,256,815</u>	<u>1,833,461</u>
	<u>\$ 21,667,566</u>	<u>\$ 36,586,589</u>

The calculation of realized gains and losses is independent of the calculation of net increase (decrease) in fair value of Plan investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments.

Net realized gains on the sale of investments, using the historical cost method of accounting, for the years ended September 30, 2006 and 2005, amounted to \$26,027,895 and \$12,909,532, respectively.

CITY OF MIAMI BEACH, FLORIDA
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM
FORMERLY RETIREMENT SYSTEM FOR GENERAL EMPLOYEES

Required Supplementary Information – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b - a) / c
10-01-99	237,392,415	200,837,185	(36,555,230)	118.2	19,363,474	(188.8)
10-01-00	250,296,041	212,077,358	(38,218,683)	118.0	19,522,627	(195.8)
10-01-01	255,192,008	220,651,737	(34,540,271)	115.7	20,597,181	(167.7)
10-01-02	243,542,574	242,302,847	(1,239,727)	100.5	22,653,708	(5.5)
10-01-03	240,182,319	252,786,012	12,603,693	95.0	25,850,078	48.8
10-01-04	236,555,249	262,532,994	25,977,745	90.1	24,930,999	104.2
10-01-05	235,718,489	272,356,632	36,638,143	86.5	25,843,127	141.8

CITY OF MIAMI BEACH, FLORIDA
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM
FORMERLY RETIREMENT SYSTEM FOR GENERAL EMPLOYEES

Required Supplementary Information – Schedule of Employer Contributions

<u>Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2000	-	n/a
2001	-	n/a
2002	-	n/a
2003	-	n/a
2004	1,806,367	100
2005	3,466,378	100
2006	3,825,990	100

n/a = Not Applicable.

CITY OF MIAMI BEACH, FLORIDA
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM
FORMERLY RETIREMENT SYSTEM FOR GENERAL EMPLOYEES

Notes to Required Supplementary Information

The information in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. For funding progress, October 1993 was the earliest year for which information, according to the parameters, was available to the actuary. The annual required contribution is reflected for the corresponding years. Additional information as of October 1, 2005, the latest actuarial valuation, follows:

Actuarial Cost Method	Entry Age
Equivalent Single Amortization Period	32 years
Amortization Method	Level Dollar Closed
Amortization Period	30 years
Actuarial Asset Valuation Method	5 year smoothed market
Actuarial Assumptions:	
Investment rate of return	8.5%
Projected salary increases	6%
Inflation	4%
Cost of living adjustment (COLA)	2.5% compounded

CITY OF MIAMI BEACH, FLORIDA
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM
FORMERLY RETIREMENT SYSTEM FOR UNCLASSIFIED EMPLOYEES AND ELECTED OFFICIALS

Required Supplementary Information – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b – a) / c
10-01-99	\$ 67,951,798	\$ 62,624,874	\$ (5,326,924)	108.5	\$ 6,055,140	(88.0)
10-01-00	76,520,281	65,855,967	(10,664,314)	116.2	6,366,776	(167.5)
10-01-01	80,832,358	72,096,351	(8,736,007)	112.1	7,066,904	(123.6)
10-01-02	78,638,572	77,528,445	(1,110,127)	101.4	7,696,936	(14.4)
10-01-03	79,871,149	86,118,188	6,247,039	92.7	8,638,552	72.3
10-01-04	84,180,506	89,572,064	5,391,558	94.0	9,688,201	55.7
10-01-05	90,008,598	95,739,777	5,731,179	94.0	10,836,982	52.9

CITY OF MIAMI BEACH, FLORIDA
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM
FORMERLY RETIREMENT SYSTEM FOR
UNCLASSIFIED EMPLOYEES AND ELECTED OFFICIALS

Required Supplementary Information – Schedule of Employer Contributions

<u>Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2000	\$ 666,897	100
2001	-	n/a
2002	-	n/a
2003	-	n/a
2004	670,335	100
2005	1,616,217	100
2006	1,674,339	100

n/a = Not Applicable.

CITY OF MIAMI BEACH, FLORIDA
MIAMI BEACH EMPLOYEES' RETIREMENT SYSTEM
FORMERLY RETIREMENT SYSTEM FOR
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Notes to Required Supplementary Information

The information in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of October 1, 2005, the date of the latest actuarial valuation, follows:

Actuarial Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	5 year smoothed market
Amortization Method	Level dollar, closed
Actuarial Assumptions:	
Investment rate of return	9%
Projected salary increases	6%
Inflation	4%
Cost of living adjustment (COLA) (See Note 1)	1.5%

