

CITY OF MIAMI BEACH EMPLOYEES' RETIREMENT PLAN

ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2006

ANNUAL EMPLOYER CONTRIBUTION IS DETERMINED BY THIS VALUATION FOR THE
PLAN YEAR ENDING SEPTEMBER 30, 2007

TO BE PAID IN THE EMPLOYER FISCAL YEAR ENDING SEPTEMBER 30, 2008

August 29, 2007

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

Dear Board Members:

We are pleased to present our October 1, 2006 Actuarial Valuation Report for the Plan. The purpose of the Report is to set forth required contribution levels, to disclose plan assets and actuarial liabilities, to comment on funding progress and to provide supporting information regarding the operation of the Plan. This Report is also designed to comply with requirements of the State.

The valuation was performed on the basis of employee, retiree and financial information supplied by the City. Although we did not audit this information, it was reviewed for reasonableness and comparability to prior years.

The benefits valued are outlined at the end of the Report. Actuarial assumptions and the actuarial cost method are also described herein. Any changes in benefits, assumptions or methods are described in the first section.

We will be pleased to answer any questions pertaining to the valuation and to meet with you to review this Report.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By _____
J. Stephen Palmquist, ASA, MAAA, FCA
Enrolled Actuary No. 05-1560

By _____
Melissa R. Moskovitz, EA, MAAA, FCA
Enrolled Actuary No. 05-6467

Statement by Enrolled Actuary

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.

Signature

Date

05-1560
Enrollment Number

TABLE OF CONTENTS

<u>Section</u>	<u>Title</u>	<u>Page</u>
A	Discussion of Valuation Results	1
B	Valuation Results	
	1. Participant Data	3
	2. Annual Required Contribution	6
	3. Actuarial Value of Benefits and Assets	9
	4. Comparison of Normal Costs	12
	5. Liquidation of the Unfunded Accrued Liability	15
	6. Actuarial Gains and Losses	20
	7. History of Investment Returns and Salary Increases	21
	8. Actual Compared to Expected Decrements among Active Employees	24
	9. History of Contributions	26
	10. Actuarial Assumptions and Cost Method	29
	11. Glossary of Terms	31
C	Pension Fund Information	
	1. Summary of Assets	32
	2. Summary of Fund's Income and Disbursements	33
	3. Actuarial Value of Assets	36
	4. Investment Rate of Return	38
D	Financial Accounting Information	
	1. FASB No. 35	39
	2. GASB No. 25	41
	3. GASB No. 27	44
E	Miscellaneous Information	
	1. Reconciliation of Membership Data	46
	2. Age and Service Distribution	49
	3. Inactive Member Distribution	50
F	Summary of Plan Provisions	52

SECTION A
DISCUSSION OF VALUATION RESULTS

DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

The required employer contribution developed in this year's actuarial valuation is as follows:

	Required City Contribution		Covered Payroll
	Amount	% of Payroll	
For FYE 9/30/07 Based on 10/1/05 Valuation	\$ 6,319,041	17.23 %	\$ 36,680,109
For FYE 9/30/08 Based on 10/1/06 Valuation, but Before Considering Any Plan Changes	7,637,223	19.04	40,113,848
For FYE 9/30/08 Based on 10/1/06 Valuation Including All Plan and Assumption Changes	13,911,545	24.24	57,390,894

Approximate reduction in City's required contributions to the 401A Plan due to employees transferring to this Plan:

\$ 1,728,000	based on 10% contribution
1,382,000	based on 8% contribution

The contribution has been adjusted for interest on the basis that employer contributions are made in a single payment on the first day of the fiscal year. The total actual employer contribution for the year ending September 30, 2006 was \$5,500,329 (\$3,825,990 and \$1,674,339 for the General and Unclassified Plans, respectively), an amount equal to the total required contribution for the individual Plans.

Revisions in Benefits

Under Ordinance No. 2006-3504, The General and Unclassified Plans were merged to form the Miami Beach Employees Retirement Plan. The Ordinance also provides the following:

- A 2.5% COLA for all current and future retirees
- Final Average Monthly Earnings (FAME) equal to the average pensionable earnings for the two highest paid years
- A reduction in employee contribution rate from 10% to 8% for Tier B employees
- An Early Retirement Incentive Plan (ERIP) for Tier A members of the General Employees

Plan

- A provision allowing buy-back of up to two years of service where the employee would have to pay 10% of annual pay for each year
- Allowing participants from the City's defined contribution plan to make a one-time irrevocable election to enter the Miami Beach Employees Retirement Plan
- 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
- Increase the minimum service connected disability benefit from 50% to 65% of FAME and increase the minimum non service connected disability benefit from 25% to 35% of FAME for Tier A employees
- Reduce the vesting requirement from 10 years to 5 years for Tier B employees
- Provide a partial lump sum distribution option up to 25% of the value of the accrued pension
- Reduce the Normal Retirement Age from 60 to 55 for Tier B employees
- Limit the amount of overtime pay to be included in pensionable earnings to 10% of annual pay for Tier A members of the General Employees Plan

The effect of these changes was set forth in the February 28, 2006 Actuarial Impact Statement.

Revisions in Actuarial Assumptions and Methods

The assumptions for the Unclassified employees were changed to be consistent with the former General Plan assumptions, with the exception of the assumed investment rate of return of 8.75% which is the rate used for this valuation.

Actuarial Experience

There was a net actuarial loss of \$11,796,972 for the year which means actual experience was less favorable than expected. The loss is due primarily to larger than expected salary increases. The actuarial loss translates into an increase in employer contribution equal to \$1,097,715 or 2.74% of covered payroll (before taking into account the transfers from the 401A Plan).

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

SECTION B
VALUATION RESULTS

PARTICIPANT DATA - MERGED PLAN		
	October 1, 2006 <i>After Changes</i>	October 1, 2006 <i>Before Changes</i>
ACTIVE MEMBERS		
Number	1,018	743
Covered Annual Payroll	\$ 57,390,894	\$ 40,113,848
Average Annual Payroll	\$ 56,376	\$ 53,989
Average Age	44.6	44.2
Average Past Service	8.9	9.1
Average Age at Hire	35.7	35.1
RETIREES & BENEFICIARIES		
Number	950	948
Annual Benefits	\$ 23,481,611	\$ 23,289,994
Average Annual Benefit	\$ 24,717	\$ 24,568
Average Age	70.6	69.8
DISABILITY RETIREES		
Number	45	45
Annual Benefits	\$ 871,466	\$ 871,466
Average Annual Benefit	\$ 19,366	\$ 19,366
Average Age	67.1	67.1
TERMINATED VESTED MEMBERS		
Number	64	64
Annual Benefits	\$ 806,465	\$ 806,465
Average Annual Benefit	\$ 12,601	\$ 12,601
Average Age	45.7	45.7

PARTICIPANT DATA - GENERAL PLAN		
	October 1, 2006	October 1, 2005
	<i>Before Changes</i>	
ACTIVE MEMBERS		
Number	570	589
Covered Annual Payroll	\$ 27,115,666	\$ 25,843,127
Average Annual Payroll	\$ 47,571	\$ 43,876
Average Age	44.1	44.3
Average Past Service	9.5	9.6
Average Age at Hire	34.6	34.7
RETIREES & BENEFICIARIES		
Number	781	768
Annual Benefits	\$ 17,023,260	\$ 15,501,787
Average Annual Benefit	\$ 21,797	\$ 20,185
Average Age	70.9	71.3
DISABILITY RETIREES		
Number	45	50
Annual Benefits	\$ 871,466	\$ 944,245
Average Annual Benefit	\$ 19,366	\$ 18,885
Average Age	67.1	65.9
TERMINATED VESTED MEMBERS		
Number	51	51
Annual Benefits	\$ 550,303	\$ 586,687
Average Annual Benefit	\$ 10,790	\$ 11,504
Average Age	45.5	45.1

PARTICIPANT DATA - UNCLASSIFIED PLAN		
	October 1, 2006 <i>Before Changes</i>	October 1, 2005
ACTIVE MEMBERS		
Number	173	147
Covered Annual Payroll	\$ 12,998,182	\$ 10,836,982
Average Annual Payroll	\$ 75,134	\$ 73,721
Average Age	44.7	45.6
Average Past Service	7.7	9.3
Average Age at Hire	37.0	36.3
RETIREES & BENEFICIARIES		
Number	167	160
Annual Benefits	\$ 6,266,734	\$ 5,663,680
Average Annual Benefit	\$ 37,525	\$ 35,398
Average Age	64.4	63.8
DISABILITY RETIREES		
Number	0	0
Annual Benefits	\$ 0	\$ 0
Average Annual Benefit	\$ 0	\$ 0
Average Age	0	0
TERMINATED VESTED MEMBERS		
Number	13	13
Annual Benefits	\$ 256,162	\$ 256,162
Average Annual Benefit	\$ 19,705	\$ 19,705
Average Age	46.4	45.4

ANNUAL REQUIRED CONTRIBUTION (ARC) - MERGED PLAN		
A. Valuation Date	October 1, 2006 <i>After Changes</i>	October 1, 2006 <i>Before Changes</i>
B. ARC to Be Paid During Fiscal Year Ending	9/30/2008	9/30/2008
C. Assumed Date of Employer Contrib.	10/1/2007	10/1/2007
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 6,421,833	\$ 3,284,203
E. Employer Normal Cost	6,370,392	3,750,351
F. ARC if Paid on the Valuation Date: D+E	12,792,225	7,034,554
G. ARC Adjusted for Frequency of Payments	13,911,545	7,637,223
H. ARC as % of Covered Payroll	24.24 %	19.04 %
I. Covered Payroll for Contribution Year	57,390,894	40,113,847

ANNUAL REQUIRED CONTRIBUTION (ARC) - GENERAL PLAN		
A. Valuation Date	October 1, 2006 <i>Before Changes</i>	October 1, 2005
B. ARC to Be Paid During Fiscal Year Ending	9/30/2008	9/30/2007
C. Assumed Date of Employer Contrib.	Quarterly	10/1/2006
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 2,730,854	\$ 1,748,509
E. Employer Normal Cost	2,411,189	2,320,762
F. ARC if Paid on the Valuation Date: D+E	5,142,043	4,069,271
G. ARC Adjusted for Frequency of Payments	5,579,117	4,415,158
H. ARC as % of Covered Payroll	20.58 %	17.08 %
I. Covered Payroll for Contribution Year	27,115,666	25,843,127

ANNUAL REQUIRED CONTRIBUTION (ARC) - UNCLASSIFIED PLAN		
A. Valuation Date	October 1, 2006 <i>Before Changes</i>	October 1, 2005
B. ARC to Be Paid During Fiscal Year Ending	9/30/2008	9/30/2007
C. Assumed Dates of Employer Contributions	10/1/2007	10/1/2006
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 553,349	\$ 509,915
E. Employer Normal Cost	1,339,162	1,240,782
F. ARC if Paid on the Valuation Date: D+E	1,892,511	1,750,697
G. ARC Adjusted for Frequency of Payments	2,058,106	1,903,883
H. ARC as % of Covered Payroll	15.83 %	17.57 %
I. Covered Payroll for Contribution Year	12,998,182	10,836,982

ACTUARIAL VALUE OF BENEFITS AND ASSETS - MERGED PLAN		
A. Valuation Date	October 1, 2006 <i>After Changes</i>	October 1, 2006 <i>Before Changes</i>
B. Actuarial Present Value of All Projected Benefits for		
1. Active Members		
a. Service Retirement Benefits	\$ 223,750,515	\$ 162,337,814
b. Vesting Benefits	20,908,250	11,076,746
c. Disability Benefits	12,920,555	12,376,722
d. Preretirement Death Benefits	4,254,244	4,112,274
e. Return of Member Contributions	605,825	2,268,431
f. Total	<u>262,439,389</u>	<u>192,171,987</u>
2. Inactive Members		
a. Service Retirees & Beneficiaries	245,380,824	241,241,371
b. Disability Retirees	8,530,128	8,705,943
c. Terminated Vested Members	<u>7,861,881</u>	<u>7,819,597</u>
d. Total	261,772,833	257,766,911
3. Total for All Members	524,212,222	449,938,898
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	448,933,278	394,231,589
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	395,731,353	354,645,752
E. Plan Assets		
1. Market Value	378,035,985	358,081,705
2. Actuarial Value	358,458,949	338,504,669
F. Unfunded Actuarial Accrued Liability: C-E2	90,474,329	55,726,920
G. Actuarial Present Value of Projected Covered Payroll	402,300,469	327,098,044
H. Actuarial Present Value of Projected Member Contributions	31,496,946	32,709,805

ACTUARIAL VALUE OF BENEFITS AND ASSETS -GENERAL PLAN		
A. Valuation Date	October 1, 2006 <i>Before Changes</i>	October 1, 2005
B. Actuarial Present Value of All Projected Benefits for		
1. Active Members		
a. Service Retirement Benefits	\$ 117,550,819	\$ 114,546,880
b. Vesting Benefits	8,560,466	8,536,160
c. Disability Benefits	8,336,580	7,951,020
d. Preretirement Death Benefits	3,271,786	3,104,072
e. Return of Member Contributions	1,261,137	1,239,816
f. Total	<u>138,980,788</u>	<u>135,377,948</u>
2. Inactive Members		
a. Service Retirees & Beneficiaries	175,435,824	156,239,006
b. Disability Retirees	8,705,943	9,807,827
c. Terminated Vested Members	<u>5,606,592</u>	<u>6,026,264</u>
d. Total	189,748,359	172,073,097
3. Total for All Members	328,729,147	307,451,045
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	292,116,763	272,356,632
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	256,980,156	241,426,001
E. Plan Assets		
1. Market Value	259,116,531	251,828,270
2. Actuarial Value	242,567,406	235,718,489
F. Unfunded Actuarial Accrued Liability: C-E2	49,549,357	36,638,143
G. Actuarial Present Value of Projected Covered Payroll	221,510,976	210,547,330
H. Actuarial Present Value of Projected Member Contributions	22,151,098	21,054,733

ACTUARIAL VALUE OF BENEFITS AND ASSETS - UNCLASSIFIED PLAN		
A. Valuation Date	October 1, 2006 <i>Before Changes</i>	October 1, 2005
B. Actuarial Present Value of All Projected Benefits for		
1. Active Members		
a. Service Retirement Benefits	\$ 44,786,995	\$ 42,085,319
b. Vesting Benefits	2,516,280	2,506,691
c. Disability Benefits	4,040,142	3,398,751
d. Preretirement Death Benefits	840,488	740,260
e. Return of Member Contributions	<u>1,007,294</u>	<u>685,196</u>
f. Total	53,191,199	49,416,217
2. Inactive Members		
a. Service Retirees & Beneficiaries	65,805,547	59,630,855
b. Disability Retirees	-	-
c. Terminated Vested Members	<u>2,213,005</u>	<u>2,032,444</u>
d. Total	68,018,552	61,663,299
3. Total for All Members	121,209,751	111,079,516
C. Actuarial Accrued (Past Service) Liability per GASB No. 25	102,114,826	95,739,777
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	97,665,596	90,612,246
E. Plan Assets		
1. Market Value	98,965,174	95,016,933
2. Actuarial Value	95,937,263	90,008,598
F. Unfunded Actuarial Accrued Liability: C-E2	6,177,563	5,731,179
G. Actuarial Present Value of Projected Covered Payroll	105,587,068	84,394,966
H. Actuarial Present Value of Projected Member Contributions	10,558,707	8,439,496

CALCULATION OF EMPLOYER NORMAL COST - GENERAL PLAN		
A. Valuation Date	October 1, 2006 <i>Before Changes</i>	October 1, 2005
B. Normal Cost for		
1. Service Retirement Benefits	\$ 3,367,345	\$ 3,247,026
2. Vesting Benefits	460,449	461,120
3. Disability Benefits	491,509	465,169
4. Preretirement Death Benefits	182,959	171,864
5. Return of Member Contributions	<u>249,704</u>	<u>207,952</u>
6. Total for Future Benefits	4,751,966	4,553,131
7. Assumed Amount for Administrative Expenses	<u>370,790</u>	<u>351,944</u>
8. Total Normal Cost	5,122,756	4,905,075
C. Expected Member Contribution	2,711,567	2,584,313
D. Employer Normal Cost: B8-C	2,411,189	2,320,762
E. Employer Normal Cost as a % of Covered Payroll	8.89%	8.98%

CALCULATION OF EMPLOYER NORMAL COST - UNCLASSIFIED PLAN		
A. Valuation Date	October 1, 2006 <i>Before Changes</i>	October 1, 2005
B. Normal Cost for		
1. Service Retirement Benefits	\$ 1,835,777	\$ 1,561,542
2. Vesting Benefits	225,273	228,283
3. Disability Benefits	274,264	215,631
4. Preretirement Death Benefits	47,567	39,077
5. Return of Member Contributions	<u>107,881</u>	<u>86,785</u>
6. Total for Future Benefits	2,490,762	2,131,318
7. Assumed Amount for Administrative Expenses	<u>148,218</u>	<u>193,162</u>
8. Total Normal Cost	2,638,980	2,324,480
C. Expected Member Contribution	1,299,818	1,083,698
D. Employer Normal Cost: B8-C	1,339,162	1,240,782
E. Employer Normal Cost as a % of Covered Payroll	10.30%	11.45%

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

A. Derivation of the Current UAAL			
	Merged Plan <i>After Changes</i>	General Plan <i>Before Changes</i>	Unclassified Plan <i>Before Changes</i>
1. Last Year's UAAL	\$ 42,369,322	\$ 36,638,143	\$ 5,731,179
2. Last Year's Employer Normal Cost	3,606,326	2,556,152	1,050,174
3. Last Year's Contributions	5,500,329	3,825,990	1,674,339
4. Interest at the Assumed Rate on:			
a. 1 and 2 for one year	3,924,883	3,331,515	593,368
b. 3 from dates paid	470,253	325,209	145,044
c. a - b	<u>3,454,630</u>	<u>3,006,306</u>	<u>448,324</u>
5. This Year's Expected UAAL Prior to Revision: 1 + 2 - 3 + 4c	43,929,949	38,374,611	5,555,338
6. This Year's Actual UAAL Prior to Revisions	55,726,921	41,754,904	6,177,563
7. This Year's Gain (Loss): 5 - 6	(11,796,972)	(11,174,746)	(622,225)
8. Change in UAAL Due to Plan Amendments and/or Changes in Actuarial Assumptions	34,747,408	N/A	N/A
9. This Year's Revised UAAL: 6 + 8	90,474,329	N/A	N/A
10. Gain (Loss) Due to Investments	(561,896)	(1,813,463)	1,251,567
11. Gain (Loss) Due to Other Causes	(11,235,076)	(9,361,283)	(1,873,792)

B. UAAL Amortization Period and Payments - Merged Plan					
Original UAAL			Current UAAL		
Date Established	Amortization Period (Years)	Amount	Years Remaining	Amount	Payment
10/1/92	15	\$ (534,543)	1	\$ (69,362)	\$ (69,362)
10/1/92	15	(5,006,180)	1	(653,538)	(653,538)
10/1/93	15	(3,006,333)	2	(741,974)	(386,537)
10/1/93	15	5,324,154	2	1,314,025	684,552
10/1/93	15	2,587,206	2	638,532	332,648
10/1/94	15	1,654,392	3	1,152,711	416,879
10/1/94	15	8,743,997	3	6,092,450	2,203,342
10/1/95	15	(3,893,388)	4	(3,121,303)	(881,073)
10/1/96	15	(6,757,095)	5	(7,068,568)	(1,660,232)
10/1/96	15	(1,455,487)	5	(1,522,579)	(357,616)
10/1/97	15	(11,502,918)	6	(7,706,773)	(1,568,006)
10/1/98	15	(9,492,383)	7	(6,489,385)	(1,175,708)
10/1/99	15	(11,197,306)	8	(8,033,732)	(1,322,327)
10/1/99	15	761,013	8	546,006	89,871
10/1/00	15	(1,184,364)	9	(885,892)	(134,499)
10/1/01	15	4,182,294	10	3,201,816	453,729
10/1/01	15	8,482,719	10	6,494,064	920,274
10/1/02	30	24,017,296	26	23,209,699	2,105,204
10/1/03	30	16,972,622	27	18,117,263	1,626,638
10/1/04	30	9,682,048	28	10,047,637	893,782
10/1/05	30	9,377,578	29	9,408,852	829,909
10/1/06	30	11,796,972	30	11,796,972	1,032,557
10/1/06	30	<u>34,747,408</u>	30	<u>34,747,408</u>	<u>3,041,346</u>
		84,299,702		90,474,329	6,421,833

B. UAAL Amortization Period and Payments - General Plan					
Original UAAL			Current UAAL		
Date Established	Amortization Period (Years)	Amount	Years Remaining	Amount	Payment
10/1/92	15	\$ (534,543)	1	\$ (69,362)	\$ (69,362)
10/1/92	15	(5,006,180)	1	(653,538)	(653,538)
10/1/93	15	(3,006,333)	2	(741,974)	(386,537)
10/1/93	15	5,324,154	2	1,314,025	684,552
10/1/93	15	2,587,206	2	638,532	332,648
10/1/94	15	1,654,392	3	1,152,711	416,879
10/1/94	15	8,743,997	3	6,092,450	2,203,342
10/1/95	15	(3,893,388)	4	(3,121,303)	(881,073)
10/1/96	15	(6,757,095)	5	(7,068,568)	(1,660,232)
10/1/96	15	(1,455,487)	5	(1,522,579)	(357,616)
10/1/97	15	(11,502,918)	6	(7,706,773)	(1,568,006)
10/1/98	15	(9,492,383)	7	(6,489,385)	(1,175,708)
10/1/99	15	(11,197,306)	8	(8,033,732)	(1,322,327)
10/1/99	15	761,013	8	546,006	89,871
10/1/00	15	(1,184,364)	9	(885,892)	(134,499)
10/1/01	15	4,182,294	10	3,201,816	453,729
10/1/01	15	8,482,719	10	6,494,064	920,274
10/1/02	30	24,017,296	26	23,209,699	2,105,204
10/1/03	30	10,725,583	27	11,898,572	1,068,300
10/1/04	30	11,039,432	28	11,301,005	1,005,275
10/1/05	30	8,770,089	29	8,818,837	777,867
10/1/06	30	<u>11,174,746</u>	30	<u>11,174,746</u>	<u>978,095</u>
		43,432,924		49,549,357	2,827,138

B. UAAL Amortization Period and Payments - Unclassified Plan					
Original UAAL			Current UAAL		
Valuation Date	Amortization Period (Years)	Amount	Years Remaining	Amount	Payment
10/1/2003	30	\$ 6,247,039	27	\$ 6,218,691	\$ 558,338
10/1/2004	30	\$ (1,357,384)	28	(1,253,368)	(111,493)
10/1/2005	30	\$ 2,317,537	29	2,250,879	198,539
10/2/2005	30	\$ (1,710,048)	29	(1,660,864)	(146,497)
10/1/2006	30	<u>622,226</u>	30	<u>622,226</u>	<u>54,462</u>
		6,119,370		6,177,564	553,349

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 - General Plan (Before Changes)		Amortization Schedule - Unclassified Plan (Before Changes)	
Year	Expected UAAL	Year	Expected UAAL
2006	\$ 49,549,357	2006	\$ 6,177,563
2007	50,798,071	2007	6,116,325
2008	51,368,584	2008	6,049,736
2009	52,671,106	2009	5,977,321
2010	56,921,108	2010	5,898,569
2011	60,579,463	2016	5,258,305
2016	56,448,866	2021	4,414,693
2021	47,459,690	2026	3,131,507
2026	33,943,055	2031	1,179,705
2031	13,618,677	2036	-
2036	-		

Amortization Schedule - Merged Plan (After Changes)	
Year	Expected UAAL
2006	\$ 90,474,329
2007	91,407,080
2008	91,635,303
2009	92,569,341
2010	96,434,597
2011	99,679,897
2016	92,734,187
2021	79,341,337
2026	58,970,010
2031	27,983,999
2036	-

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, separately and in sum are as follows:

	<i>General Plan</i>	<i>Unclassified Plan</i>	<i>Combined</i>
Year Ended	Gain (Loss)	Gain (Loss)	Gain (Loss)
9/30/1990	\$ (6,876,123)	\$ (2,230,401)	\$ (9,106,524)
9/30/1991	521,757	2,206,147	2,727,904
9/30/1992	5,006,180	(51,357)	4,954,823
9/30/1993	3,006,333	2,364,561	5,370,894
9/30/1994	(1,654,392)	(41,669)	(1,696,061)
9/30/1995	3,893,388	2,768,530	6,661,918
9/30/1996	6,757,095	811,526	7,568,621
9/30/1997	11,502,918	2,036,346	13,539,264
9/30/1998	9,492,383	(2,597,593)	6,894,790
9/30/1999	11,197,306	4,970,831	16,168,137
9/30/2000	1,184,364	5,355,942	6,540,306
9/30/2001	(4,182,294)	(2,390,497)	(6,572,791)
9/30/2002	(24,017,296)	(8,568,772)	(32,586,068)
9/30/2003	(10,725,583)	(7,689,318)	(18,414,901)
9/30/2004	(11,039,432)	1,357,384	(9,682,048)
9/30/2005	(8,770,089)	1,710,048	(7,060,041)
9/30/2006	(11,174,746)	(622,225)	(11,796,971)

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:

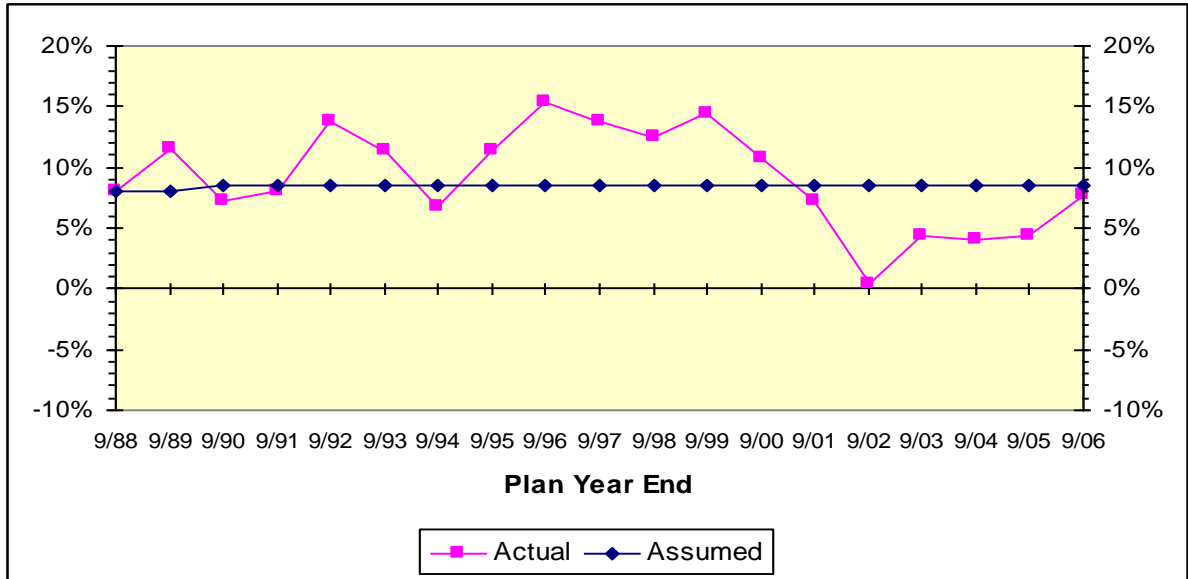
Year Ending	General Plan				Unclassified Plan			
	Investment Return		Salary Increases		Investment Return		Salary Increases	
	Actual	Assumed	Actual	Assumed	Actual	Assumed	Actual	Assumed
9/30/1989	11.6 %	8.0 %	1.9 %	6.0 %	14.6 %	8.0 %	3.2 %	6.0 %
9/30/1990	7.3	8.5	7.5	6.0	(2.3)	8.0	12.3	6.0
9/30/1991	8.1	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
Averages	9.1 %	---	5.8 %	---	11.0 %	---	6.6 %	---

* Approximate rate

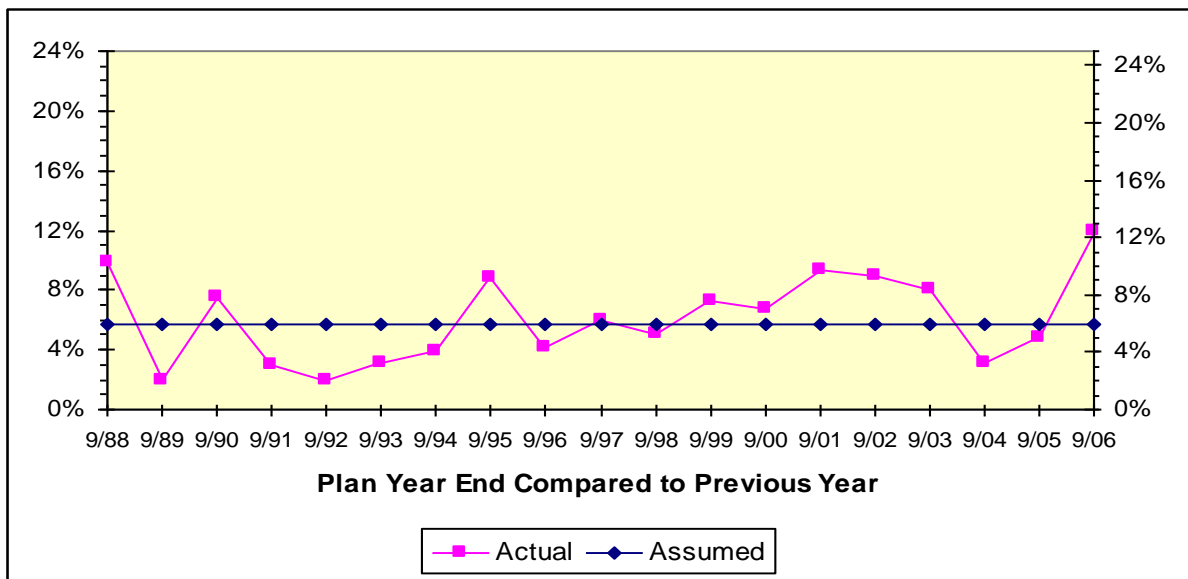
Note: Figures before 1992 were taken from Reports of Buck Consultants.

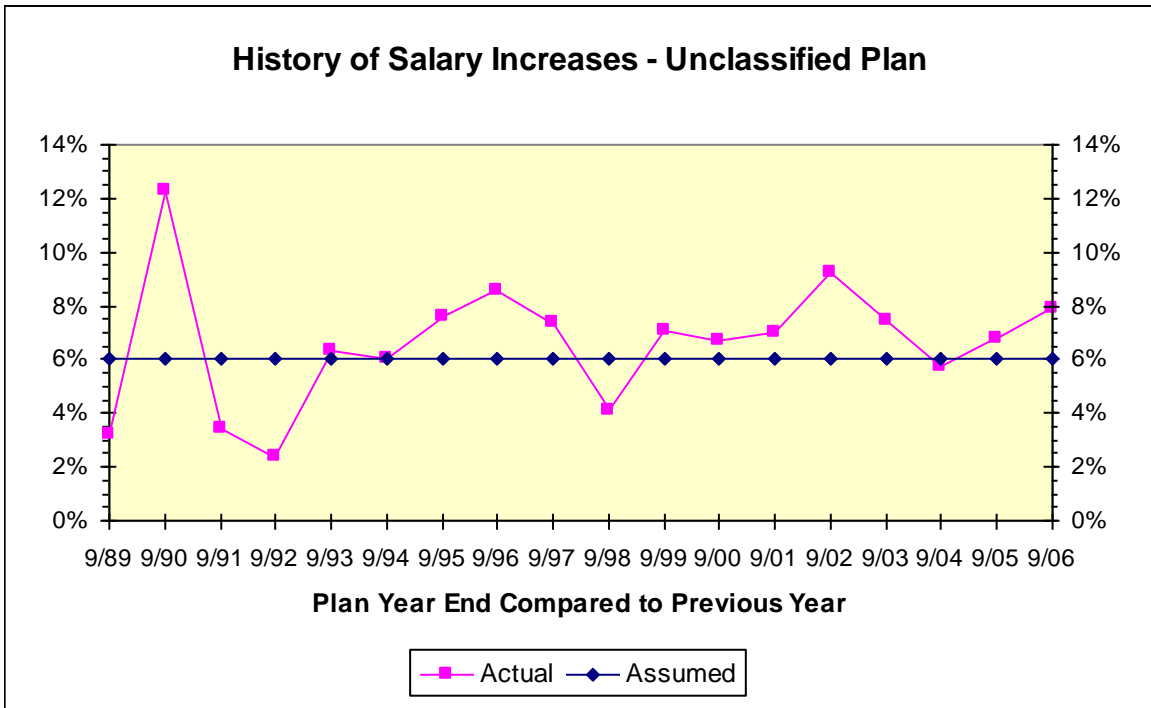
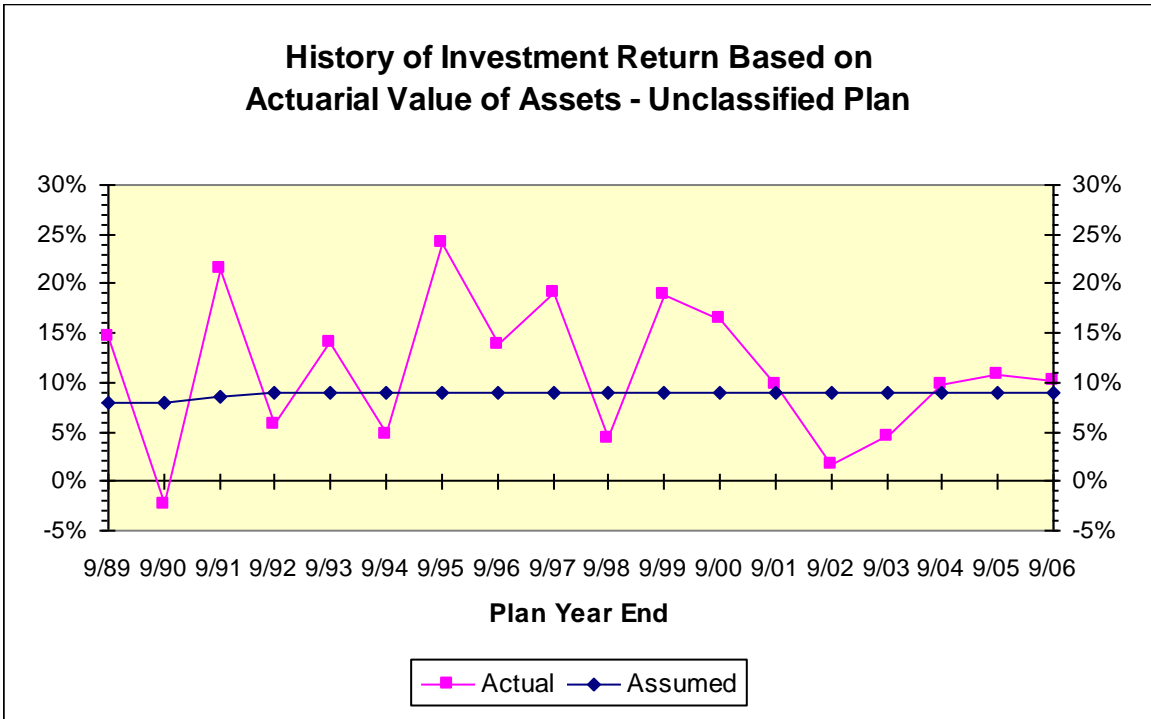
The actual investment return rates shown above are based on the actuarial value of assets. The actual salary increase rates shown above are the increases received by those active members who were included in the actuarial valuation both at the beginning and the end of each period. The exhibits that follow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

History of Investment Return Based on Actuarial Value of Assets - General Plan



History of Salary Increases - General Plan





**Actual (A) Compared to Expected (E) Decrements
Among Active Employees - General Plan (Before Changes)**

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	87	35	11	29	0	2	2	1	15	7	22	29	587
9/30/2004	47	44	19	27	2	2	1	1	17	5	22	30	590
9/30/2005	39	40	10	32	2	2	2	1	22	4	26	32	589
9/30/2006	40	59	32	30	0	2	1	1	20	6	26	31	570
9/30/2007				27		2		1				28	
4 Yr Totals	213	178	72	118	4	8	6	4	74	22	96	122	

**Actual (A) Compared to Expected (E) Decrements
Among Active Employees - Unclassified Plan (Before Changes)**

Year Ended	Number Added During Year		Service 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	22	11	9	11	0	1	0	0	0	2	2	4	127
9/30/2004	18	10	5	10	0	1	0	0	1	4	5	5	135
9/30/2005	34	22	6	11	0	1	0	0	1	15	16	5	147
9/30/2006	42	16	8	10	0	1	0	0	1	7	8	6	173
9/30/2007				11		1		0				8	
4 Yr Totals	116	59	28	42	0	4	0	0	3	28	31	20	

Actual (A) Compared to Expected (E) Decrements Among Active Employees - Merged Plan (After Changes for FYE 9/30/2007)													
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	E	A	E	A	E	A	E	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 *	82	75	40	40	0	3	1	1	21	13	34	37	743
9/30/2007				86		3		2				49	
4 Yr Totals **	329	237	100	160	4	12	6	4	77	50	127	142	

* Before adding 401a transfers

** Totals are through current Plan Year only

RECENT HISTORY OF CONTRIBUTIONS

RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS GENERAL PLAN				
Valuation	End of Year To Which Valuation Applies	Required Contribution		Actual Contribution
		Amount	% of Payroll	
10/1/92	9/30/94	\$ 1,494,969	9.59 %	\$ 1,494,969
10/1/93	9/30/95	2,235,227	14.77	2,235,227
10/1/94	9/30/96	3,549,633	22.62	3,549,633
10/1/95	9/30/97	3,409,645	20.45	3,409,645
10/1/96	9/30/98	2,496,704	13.46	2,496,704
10/1/97	9/30/99	1,008,615	5.19	1,008,615
10/1/98	9/30/00	-	0.00	0
10/1/99	9/30/01	-	0.00	0
10/1/00	9/30/02	-	0.00	0
10/1/01	9/30/03	-	0.00	0
10/1/02	9/30/04	1,806,367	7.97	1,806,367
10/1/03	9/30/05	3,466,378	13.41	3,466,378
10/1/04	9/30/06	3,825,990	15.35	3,825,990
10/1/05	9/30/07	4,415,158	17.08	na
10/1/06	9/30/08	5,579,117 *	20.58	na

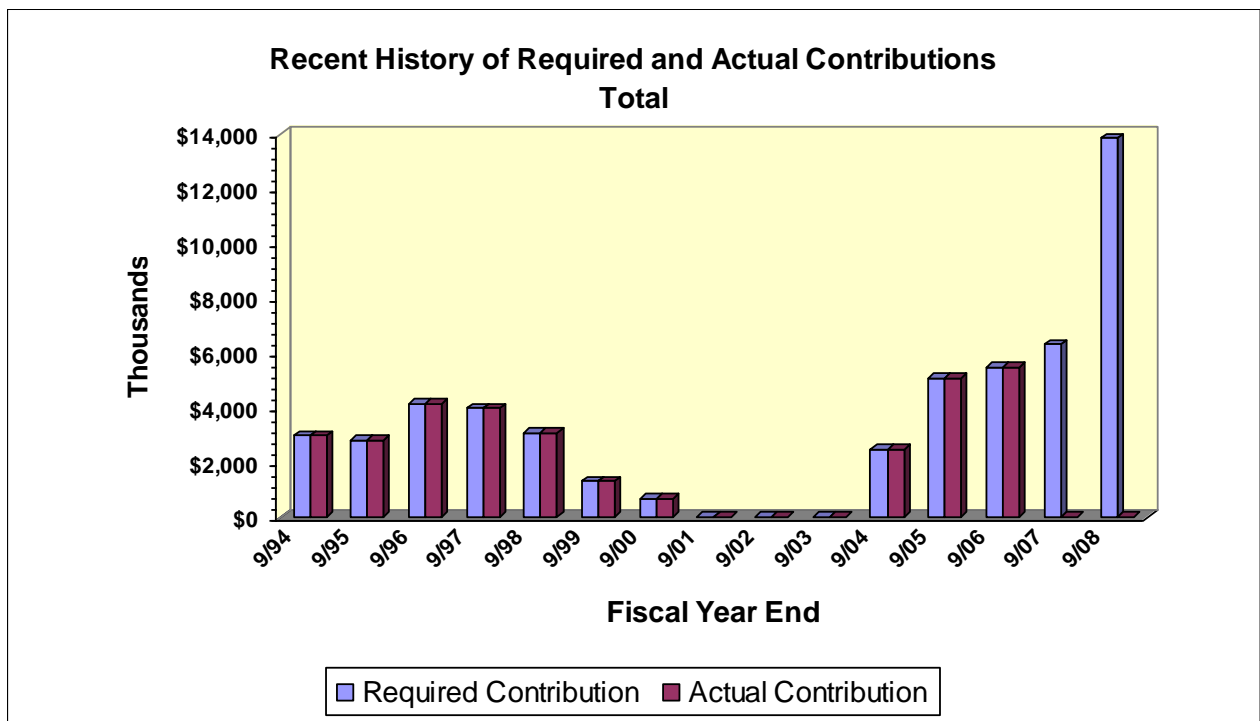
* Before Changes

RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS - UNCLASSIFIED PLAN				
Valuation Date	End of Year To Which Valuation Applies	Required Contribution		Actual City Contribution
		Amount	% of Payroll	
10/1/88	9/30/90	\$ 1,732,449	24.67 %	\$ 1,732,449
10/1/89	9/30/91	1,871,038	26.65	1,972,313
10/1/90	9/30/92	2,117,615	26.07	2,050,406
10/1/91	9/30/93	1,600,386	22.50	1,769,238
10/1/92	9/30/94	1,509,587	23.16	1,509,587
10/1/93	9/30/95	574,282 *	9.64 *	574,282
10/1/94	9/30/96	602,174	9.64	602,174
10/1/95	9/30/97	572,832	8.44	572,832
10/1/96	9/30/98	594,655	9.01	594,655
10/1/97	9/30/99	285,305	4.39	285,305
10/1/98	9/30/00	666,897	11.24	666,897
10/1/99	9/30/01	0	0.00	0
10/1/00	9/30/02	0	0.00	0
10/1/01	9/30/03	0	0.00	0
10/1/02	9/30/04	670,335	8.71	670,335
10/1/03	9/30/05	1,616,217	18.71	1,616,217
10/1/04	9/30/06	1,674,339	17.28	1,674,339
10/1/05	9/30/07	1,903,883	17.57	---
10/1/06	9/30/08	2,058,106 **	15.83	---

* Figures do not match the October 1, 1993 Actuarial Report. Results were revised to reflect the 3/2/95 receipt of the Pension Obligation Bond. The required City contribution without reflecting the Pension Obligation Bond would have been \$1,073,773, or 18.03% of covered payroll, for the '94-'95 fiscal year.

** Before Changes

RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS - TOTAL			
Valuation	End of Year To Which Valuation Applies	Required Contribution	Actual Contribution
		Amount	
10/1/92	9/30/94	\$ 3,004,556	\$ 3,004,556
10/1/93	9/30/95	2,809,509	2,809,509
10/1/94	9/30/96	4,151,807	4,151,807
10/1/95	9/30/97	3,982,477	3,982,477
10/1/96	9/30/98	3,091,359	3,091,359
10/1/97	9/30/99	1,293,920	1,293,920
10/1/98	9/30/00	666,897	666,897
10/1/99	9/30/01	-	-
10/1/00	9/30/02	-	-
10/1/01	9/30/03	-	-
10/1/02	9/30/04	2,476,702	2,476,702
10/1/03	9/30/05	5,082,595	5,082,595
10/1/04	9/30/06	5,500,329	5,500,329
10/1/05	9/30/07	6,319,041	na
10/1/06	9/30/08	13,911,545	na



ACTUARIAL ASSUMPTIONS AND COST METHOD

A. Cost Method	
1. Funding	Entry Age Actuarial Cost Method.
2. Accumulated Benefit Obligation	Accrued Benefit Method
B. Investment Earnings*	8.75% per year, compounded annually; net rate after investment related expenses.
C. Salary Increases*	6% per year up to the assumed retirement age.
D. Inflation	4% per year.
E. Retirement Age	See Table below for rates of retirement.
F. Turnover Rates	See Table below.
G. Mortality Rates	1983 Group Annuity Mortality Tables for males and females; for those who have terminated employment before 10/1/93, rates are based on the group's own experience; see Table below.
H. Disability	
1. Rates	See Table below.
2. Percent Service Connected	50%
3. Mortality	Regular rates set ahead five years.
I. Asset Value	Difference between actual and expected return recognized over 5 years; see later page for details.
J. Administrative Expenses	Non-investment related expenses are assumed to be the average of such expenses over the last two years.
K. Increase in Covered Payroll	NA
L. Cost of Living Increase	2.5% per year.
M. Changes Since Last Valuation	The assumptions for Unclassified members were changed to be consistent with the General Plan assumptions, with the exception of an investment return assumption. The General Plan's investment return assumption was changed from 8.5% to 8.75%.

* Including inflation

Age	Annual Rate of					
	Mortality		Turnover	Disability	Retirement*	
	Male	Female			Group A	Group B
25	0.05%	0.03%	14.6%	0.07%	NA	NA
30	0.06	0.03	7.8	0.08	NA	NA
35	0.09	0.05	5.7	0.13	NA	NA
40	0.12	0.07	4.7	0.20	NA	NA
45	0.22	0.10	3.3	0.31	NA	NA
50	0.39	0.16	2.1	0.46	30.0%	5.0%
55	0.61	0.25	1.1	0.64	12.0	5.0
60	0.92	0.42	0.4	1.04	20.0	60.0
65	1.56	0.71	NA	NA	100.0	100.0
70	2.75	1.24	NA	NA	NA	NA
75	4.46	2.40	NA	NA	NA	NA
80	7.41	4.29	NA	NA	NA	NA
85	11.48	6.99	NA	NA	NA	NA
90	16.63	11.18	NA	NA	NA	NA
95	23.41	18.24	NA	NA	NA	NA
100	31.92	29.52	NA	NA	NA	NA

* For those eligible to retire.

GLOSSARY OF TERMS

Actuarial Present Value is the value of an amount or series of amounts payable at various times, determined as of the valuation date by the application of the set of actuarial assumptions.

Actuarial Assumptions are assumptions as to the occurrence of future events affecting pension costs. The previous page outlines the Actuarial Assumptions utilized in this valuation.

Actuarial Cost Method is a procedure for determining the Actuarial Present Value of pension plan benefits and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and Actuarial Accrued Liability.

Entry Age Actuarial Cost Method is a method under which the current year's cost, or Normal Cost, is calculated for each individual. This Normal Cost is the amount, determined as a level percentage of pay, which if deposited each year from the time an employee was first included in the actuarial valuation (or would have been had the plan been in effect) until retirement, would fully fund his or her benefit.

Entry Age Actuarial Accrued Liability at any given time is equal to the Actuarial Present Value of Projected Benefits minus the Actuarial Present Value of future Normal Costs. Under the Entry Age Actuarial Cost Method, experience gains (losses) reduce (increase) the Actuarial Accrued Liability. Increases or decreases in the Actuarial Accrued Liability will also occur as a result of changes in pension plan benefits, actuarial assumptions, or asset value methods.

Unfunded Actuarial Accrued Liability is the Actuarial Accrued Liability, less assets.

SECTION C

PENSION FUND INFORMATION

SUMMARY OF ASSETS - TOTAL		
	9/30/2006	9/30/2005
Cash and Securities - Market Value		
Cash	\$ 699,489	\$ 535,010
Money Market Funds	5,925,050	2,128,667
Treasury and Agency Bonds & Notes	19,130,130	16,591,434
Corporate Bonds	37,278,261	32,011,554
Common Stocks	61,877,311	86,151,293
Pooled Equity Funds	185,616,550	145,293,216
Pooled Bond Funds	64,800,497	63,695,457
Other Securities	-	-
Total	<u>375,327,288</u>	<u>346,406,631</u>
Receivables and Accruals		
State Contribution	-	-
Member Contribution	-	-
Employer Contribution	-	-
Interest and Dividends	491,916	438,574
Other	<u>3,546,066 *</u>	<u>-</u>
Total	4,037,982	438,574
Payables		
Benefits	-	-
Refunds	-	-
Expenses	-	-
Other	<u>1,329,285</u>	<u>-</u>
Total	1,329,285	-
Net Assets - Market Value	378,035,985	346,845,205

* Received from 401A Plan transfers after 9/30/06

PENSION FUND INCOME AND DISBURSEMENTS - TOTAL		
	Year Ending 9/30/2006	Year Ending 9/30/2005
Market Value at Beginning of Period	\$ 346,845,205	\$ 320,617,611
Income		
Member Contributions	24,406,697 *	3,550,016
Employer Contributions	5,500,329	5,082,595
Library/Metro Dade Contributions	4,660	4,542
Investments - Interest and Dividends	4,298,634	4,287,476
Investments - Gains (Losses)	<u>21,667,566</u>	<u>36,586,589</u>
Total Investment Earnings	25,966,200	40,874,065
Total Income	55,877,886	49,511,218
Disbursements		
Monthly Benefit Payments	23,105,121	21,638,821
Lump Sum Distributions	0	0
Refund of Contributions	309,286	414,235
Investment Related Expenses	755,105	752,677
Other Administrative Expenses	517,594	477,891
Insurance Premiums	0	0
Transfers to Other Systems	<u>0</u>	<u>0</u>
Total Disbursements	24,687,106	23,283,624
Net Increase During Period	31,190,780	26,227,594
Market Value at End of Period	378,035,985	346,845,205

* \$ 4,415,806 regular contributions
+ 1,037,494 buy-back contributions
+ 18,916,786 "migration" contributions
+ 36,611 probation buy-backs
24,406,697

PENSION FUND INCOME AND DISBURSEMENTS - GENERAL PLAN BEFORE ADDITION OF BUY BACK AND MIGRATION INCOME		
	Year Ending 9/30/2006	Year Ending 9/30/2005
Market Value at Beginning of Period	\$ 251,828,270	\$ 234,113,046
Income		
Member Contributions	2,944,298	2,575,925
Employer Contributions	3,825,990	3,466,378
Other Contributions - Probation Buybacks/ Library/Metro Dade	41,271	4,542
Investments - Interest and Dividends	3,115,733 *	3,353,909
Investments - Gains (Losses)	15,705,078 *	25,806,231
Total Investment Earnings	18,820,811 *	29,160,140
Total Income	25,632,370	35,206,985
Disbursements		
Monthly Benefit Payments	17,206,488	16,182,812
Lump Sum Distributions	0	0
Refund of Contributions	108,851	146,941
Investment Related Expenses	622,534	518,633
Other Administrative Expenses	406,236	335,343
Insurance Premiums	0	0
Transfers to Other Systems	0	308,032
Total Disbursements	18,344,109	17,491,761
Net Increase During Period	7,288,261	17,715,224
Market Value at End of Period	259,116,531	251,828,270

* Estimated

PENSION FUND INCOME AND DISBURSEMENTS - UNCLASSIFIED PLAN BEFORE ADDITION OF BUY BACK AND MIGRATION INCOME		
	Year Ending 9/30/2006	Year Ending 9/30/2005
Market Value at Beginning of Period	\$ 95,016,933	\$ 86,504,564
Income		
Member Contributions	1,470,222	1,001,375
Employer Contributions	1,674,339	1,616,217
Other Contributions	0	0
Transfer from Other Systems	1,286	280,748
Interest and Dividends	1,182,901 *	933,567
Realized and Unrealized Gain (Loss)	5,962,490 *	10,779,423
Total Investment Earnings	7,145,391 *	11,712,990
Total Income	10,291,238	14,611,330
Disbursements		
Monthly Benefit Payments	5,898,633	5,456,009
Lump Sum Distributions	0	0
Refund of Contributions	200,435	267,294
Investment Related Expenses	132,571	190,581
Other Administrative Expenses	111,358	185,077
Insurance Premiums	0	0
Other Expenses	0	0
Total Disbursements	6,342,997	6,098,961
Net Increase During Period	3,948,241	8,512,369
Market Value at End of Period	98,965,174	95,016,933

* Estimated

ACTUARIAL VALUE OF ASSETS

	Year Ending September 30 - General Plan				
	2006	2005	2004	2003	2002
A. Beginning of Year Assets					
1. Market Value	\$ 251,828,270	\$ 234,113,046	\$ 223,283,174	\$ 202,952,145	\$ 228,885,931
2. Actuarial Value	235,718,489	236,555,249	240,182,319	243,542,574	255,192,007
B. Net of Contributions Less Disbursements*	(10,910,016)	(10,926,283)	(13,274,558)	(13,495,956)	(12,451,499)
C. Actual Net Investment Earnings*	18,198,277	28,641,507	24,104,430	33,826,985	(13,482,287)
D. Expected Investment Earnings*	19,572,396	19,642,829	19,851,328	20,127,541	21,162,132
E. Excess of Actual Over Expected Investment Earnings: C - D	(1,374,119)	8,998,678	4,253,102	13,699,444	(34,644,419)
F. Recognition of Excess Earnings Over 5 Years					
1. From This Year	(274,824)	1,799,736	850,620	2,739,889	(6,928,884)
2. From One Year Ago	1,799,736	850,620	2,739,889	(6,928,884)	(8,014,667)
3. From Two Years Ago	850,620	2,739,889	(6,928,884)	(8,014,667)	1,149,202
4. From Three Years Ago	2,739,889	(6,928,884)	(8,014,667)	1,149,202	1,062,620
5. From Four Years Ago	(6,928,884)	(8,014,667)	1,149,202	1,062,620	150,878
6. Total	(1,813,463)	(9,553,306)	(10,203,840)	(9,991,840)	(12,580,851)
G. End of Year Assets					
1. Market Value	259,116,531	251,828,270	234,113,046	223,283,174	202,952,145
2. Actuarial Value: A2 + B + D + F6	242,567,406	235,718,489	236,555,249	240,182,319	251,321,789
3. Final Actuarial Value Within 80% to 120% Of Market Value	242,567,406	235,718,489	236,555,249	240,182,319	243,542,574

* Net of Investment Related Expenses

ACTUARIAL VALUE OF ASSETS

	Year Ending September 30 - Unclassified Plan				
	2005	2006	2007	2008	2009
A. Beginning of Year Assets					
1. Market Value	\$ 86,504,564	\$ 95,016,933	\$ 98,965,174	\$ 0	\$ 0
2. Actuarial Value	84,180,506	90,008,598	95,937,263	0	0
B. Net of Contributions Less Disbursements*	(3,010,040)	(3,064,579)	0	0	0
C. Actual Net Investment Earnings*	11,522,409	7,012,820	0	0	0
D. Expected Investment Earnings*	7,440,794	7,741,677	0	0	0
E. Excess of Actual Over Expected Investment Earnings: C - D	4,081,615	(728,857)	0	0	0
F. Recognition of Excess Earnings Over 5 Years					
1. From this Year	816,323	(145,771)	0	0	0
2. From One Year Ago	581,015	816,323	(145,771)	0	0
3. From Two Years Ago	0	581,015	816,323	(145,771)	0
4. From Three Years Ago	0	0	581,015	816,323	(145,771)
5. From Four Years Ago	0	0	0	581,015	816,323
6. Total	1,397,338	1,251,567	1,251,567	1,251,567	670,552
G. End of Year Assets					
1. Market Value	95,016,933	98,965,174	0	0	0
2. Actuarial Value:					
A2 + B + D + F6	90,008,598	95,937,263	0	0	0
3. Final Actuarial Value Within 80% to 120% Of Market Value	90,008,598	95,937,263	-	-	-

* Net of Investment Related Expenses

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 *
Average Compounded Rate of Return for last 15 years	9.6 %	9.1 %	10.9 %	11.0 %
Average Compounded Rate of Return for Last 5 Years	8.3 %	4.1 %	7.8 %	7.3 %

* Approximate

SECTION D

FINANCIAL ACCOUNTING INFORMATION

FASB NO. 35 INFORMATION - MERGED PLAN	
A. Valuation Date	October 1, 2006 <i>After Changes</i>
B. Actuarial Present Value of Accumulated Plan Benefits	
1. Vested Benefits	
a. Members Currently Receiving Payments	\$ 253,910,952
b. Terminated Vested Members	7,861,881
c. Other Members	128,486,269
d. Total	<u>390,259,102</u>
2. Non-Vested Benefits	5,472,251
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	395,731,353
4. Accumulated Contributions of Active Members	48,659,416
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits	
1. Total Value at Beginning of Year	332,038,247
2. Increase (Decrease) During the Period Attributable to:	
a. Plan Amendment	51,678,272
b. Change in Actuarial Assumptions	0
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	35,429,241
d. Benefits Paid	<u>(23,414,407)</u>
e. Net Increase	63,693,106
3. Total Value at End of Period	395,731,353
D. Market Value of Assets	378,035,985
E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods	

FASB NO. 35 INFORMATION		
A. Valuation Date	General Plan October 1, 2006 <i>Before Changes</i>	Unclassified Plan October 1, 2006 <i>Before Changes</i>
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 184,141,767	\$ 65,805,547
b. Terminated Vested Members	5,606,592	2,213,005
c. Other Members	62,840,491	25,595,085
d. Total	<u>252,588,850</u>	<u>93,613,637</u>
2. Non-Vested Benefits	4,391,306	4,051,959
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	256,980,156	97,665,596
4. Accumulated Contributions of Active Members	20,963,677	8,172,832
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	241,426,001	90,612,246
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment	0	0
b. Change in Actuarial Assumptions	0	0
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	32,869,494	13,152,418
d. Benefits Paid	<u>(17,315,339)</u>	<u>(6,099,068)</u>
e. Net Increase	15,554,155	7,053,350
3. Total Value at End of Period	256,980,156	97,665,596
D. Market Value of Assets	259,116,531	98,965,174
E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

**SCHEDULE OF FUNDING PROGRESS
(GASB Statement No. 25)**

TOTAL

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 (b)	338,504,669	394,231,589	55,726,920	85.9	40,113,847	138.9
10/1/2006 (a)	358,458,949	448,933,278	90,474,329	79.8	57,390,894	157.6

(a) After Changes

(b) Before Changes

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(GASB Statement No. 25)

GENERAL PLAN - BEFORE CHANGES

Year Ended September 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
1994	\$ 1,494,969	\$ 1,494,969	100.0 %
1995	2,235,227	2,235,227	100.0
1996	3,549,633	3,549,633	100.0
1997	3,409,645	3,409,645	100.0
1998	2,496,704	2,496,704	100.0
1999	1,008,615	1,008,615	100.0
2000	0	0	NA
2001	0	0	NA
2002	0	0	NA
2003	0	0	NA
2004	1,806,367	1,806,367	100.0
2005	3,466,378	3,466,378	100.0
2006	3,825,990	3,825,990	100.0

UNCLASSIFIED PLAN - BEFORE CHANGES

Year Ended September 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
1991	\$ 1,871,038	\$ 1,972,313	105.4 %
1992	2,117,615	2,050,406	96.8
1993	1,600,386	1,769,238	110.6
1994	1,509,587	1,509,587	100.0
1995	574,282	574,282	100.0
1996	602,174	602,174	100.0
1997	572,832	572,832	100.0
1998	594,655	594,655	100.0
1999	285,305	285,305	100.0
2000	666,897	666,897	100.0
2001	0	0	100.0
2002	0	0	100.0
2003	0	0	100.0
2004	670,335	670,335	100.0
2005	1,616,217	1,616,217	100.0
2006	1,674,339	1,674,339	100.0

SCHEDULE OF EMPLOYER CONTRIBUTIONS

(GASB Statement No. 25)

TOTAL

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

**ANNUAL PENSION COST AND NET PENSION OBLIGATION
(GASB Statement No. 27)**

GENERAL PLAN – BEFORE CHANGES

Employer FYE September 30	2007	2006	2005
Annual Required Contribution (ARC)*	\$ 4,415,158	\$ 3,825,990	\$3,466,378
Interest on Net Pension Obligation (NPO)	-	-	-
Adjustment to ARC	-	-	-
Annual Pension Cost (APC)	4,415,158	3,825,990	3,466,378
Contributions made	**	3,825,990	3,466,378
Increase (decrease) in NPO	**	-	-
NPO at beginning of year	-	-	-
NPO at end of year	**	-	-

** To be determined

THREE YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
9/30/2004	\$ 1,806,367	\$ 1,806,367	100.0 %	\$ -
9/30/2005	3,466,378	3,466,378	100.0	-
9/30/2006	3,825,990	3,825,990	100.0	-

**ANNUAL PENSION COST AND NET PENSION OBLIGATION
(GASB Statement No. 27)**

UNCLASSIFIED PLAN – BEFORE CHANGES

Employer FYE September 30	2007	2006	2005
Annual Required Contribution (ARC)	\$ 1,903,883	\$ 1,674,339	\$ 1,616,217
Interest on Net Pension Obligation (NPO)	(8,825)	(9,515)	(9,989)
Adjustment to ARC	(12,951)	(14,379)	(15,249)
Annual Pension Cost (APC)	1,908,009	1,679,203	1,621,477
Contributions made	**	1,674,339	1,616,217
Increase (decrease) in NPO	**	4,864	5,260
NPO at beginning of year	(100,861)	(105,725)	(110,985)
NPO at end of year	**	(100,861)	(105,725)

** To be determined

THREE YEAR TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
9/30/2003	\$ 7,001	\$ -	0.0 %	\$ (117,274)
9/30/2004	676,624	670,335	99.1 %	(110,985)
9/30/2006	1,679,203	1,674,339	99.7 %	(100,861)

SECTION E
MISCELLANEOUS INFORMATION

RECONCILIATION OF MEMBERSHIP DATA - GENERAL PLAN		
	From 10/1/05 To 10/1/06	From 10/1/04 To 10/1/05
A. Active Members		
1. Number Included in Last Valuation	589	590
2. New Members Included in Current Valuation	40	39
3. Employment Terminations	(20)	(22)
4. Service Retirements	(32)	(10)
5. Disability Retirements	0	(2)
6. Deaths	(1)	(2)
7. Other - Transfer to Other Plans/Data Adjustments	<u>(6)</u>	<u>(4)</u>
8. Number Included in This Valuation	570	589
B. Terminated Vested Members		
1. Number Included in Last Valuation	51	52
2. Additions from Active Members	3	2
3. Lump Sum Payments/Refund of Contributions	0	0
4. Payments Commenced	(3)	(2)
5. Deaths	0	0
6. Other--Return to Actives	<u>0</u>	<u>(1)</u>
7. Number Included in This Valuation	51	51
C. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	818	848
2. Additions from Active Members	32	12
3. Additions from Terminated Vested Members	3	2
4. Deaths Resulting in No Further Payments	(28)	(46)
5. Deaths Resulting in New Survivor Benefits	1	2
6. End of Certain Period - No Further Payments	0	0
7. Other -- Lump Sum Distributions	<u>0</u>	<u>0</u>
8. Number Included in This Valuation	826	818

RECONCILIATION OF MEMBERSHIP DATA - UNCLASSIFIED PLAN		
	From 10/1/05 To 10/1/06	From 10/1/04 To 10/1/05
A. Active Members		
1. Number Included in Last Valuation	147	135
2. New Members Included in Current Valuation	42	31
3. Non-Vested Employment Terminations	(7)	(11)
4. Vested Employment Terminations	(1)	(1)
5. Service Retirements	(8)	(6)
6. Disability Retirements	0	0
7. Deaths	0	0
8. Other-Transfer from General	0	3
9. Other-Transfers to Other Systems	0	(4)
10. Number Included in This Valuation	<u>173</u>	<u>147</u>
B. Terminated Vested Members		
1. Number Included in Last Valuation	13	15
2. Additions from Active Members	1	1
3. Lump Sum Payments/Refund of Contributions	(1)	0
4. Payments Commenced	0	(3)
5. Deaths	0	0
6. Other	0	0
7. Number Included in This Valuation	<u>13</u>	<u>13</u>
C. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	160	151
2. Additions from Active Members	8	6
3. Additions from Terminated Vested Members	0	3
4. Deaths Resulting in No Further Payments	(1)	0
5. Deaths Resulting in New Survivor Benefits	0	0
6. End of Certain Period - No Further Payments	0	0
7. Other	0	0
8. Number Included in This Valuation	<u>167</u>	<u>160</u>

RECONCILIATION OF MEMBERSHIP DATA - MERGED PLAN		
	From 10/1/05 To 10/1/06	From 10/1/04 To 10/1/05
A. Active Members		
1. Number Included in Last Valuation	736	725
2. New Members Included in Current Valuation	82	70
3. Employment Terminations	(28)	(34)
4. Service Retirements	(42)	(16)
5. Disability Retirements	0	(2)
6. Deaths	(1)	(2)
7. Other - Transfers in/out, Data Adjustments	(4)	(5)
8. 401A transfers into General Merged Plan	<u>275</u>	<u>N/A</u>
9. Number Included in This Valuation	1018	736
B. Terminated Vested Members		
1. Number Included in Last Valuation	64	67
2. Additions from Active Members	4	3
3. Lump Sum Payments/Refund of Contributions	(1)	0
4. Payments Commenced	(3)	(5)
5. Deaths	0	0
6. Other--Return to Actives	<u>0</u>	<u>(1)</u>
7. Number Included in This Valuation	64	64
C. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	978	999
2. Additions from Active Members	42	18
3. Additions from Terminated Vested Members	3	5
4. Deaths Resulting in No Further Payments	(29)	(46)
5. Deaths Resulting in New Survivor Benefits	1	2
6. End of Certain Period - No Further Payments	0	0
7. Other -- Lump Sum Distributions	<u>0</u>	<u>0</u>
8. Number Included in This Valuation	995	978

MIAMI BEACH EMPLOYEES' RETIREMENT PLAN - ACTIVE MEMBERS ON OCTOBER 1, 2006

MERGED PLAN

Age Group	Years of Service						Totals
	0-4	5-9	10-14	15-19	20-24	25-29	
20-24	18						18
Total Pay	526,537						526,537
Avg Pay	29,252						29,252
25-29	50	9					59
Total Pay	1,731,029	336,157					2,067,186
Avg Pay	34,621	37,351					35,037
30-34	65	32	5				102
Total Pay	2,537,443	1,522,632	238,721				4,298,796
Avg Pay	39,038	47,582	47,744				42,145
35-39	58	36	29	4			127
Total Pay	2,635,294	2,123,293	1,664,018	311,241			6,733,846
Avg Pay	45,436	58,980	57,380	77,810			53,022
40-44	58	66	45	23	11	1	204
Total Pay	2,910,227	3,349,968	2,509,505	1,477,448	824,431	88,579	11,160,158
Avg Pay	50,176	50,757	55,767	64,237	74,948	88,579	54,707
45-49	65	35	30	29	26	12	197
Total Pay	3,213,809	2,240,081	1,750,967	2,056,260	1,894,533	898,368	12,054,018
Avg Pay	49,443	64,002	58,366	70,906	72,867	74,864	61,188
50-54	31	36	25	13	14	8	127
Total Pay	1,576,214	1,907,907	1,529,409	921,238	1,054,919	559,951	7,549,638
Avg Pay	50,846	52,997	61,176	70,864	75,351	69,994	59,446
55-59	26	11	29	17	7	3	93
Total Pay	1,370,753	598,061	2,126,272	1,210,814	429,572	200,315	5,935,787
Avg Pay	52,721	54,369	73,320	71,224	61,367	66,772	63,826
60-64	10	16	17	10	5	4	62
Total Pay	451,924	761,004	1,110,119	642,295	310,445	311,164	3,586,951
Avg Pay	45,192	47,563	65,301	64,230	62,089	77,791	57,854
65-99	2	8	10	6	2	1	29
Total Pay	160,481	310,229	576,586	478,423	154,215	126,464	1,806,398
Avg Pay	80,241	38,779	57,659	79,737	77,108	126,464	62,290
Total No.	383	249	190	102	65	29	1,018
Total Pay	17,113,711	13,149,332	11,505,597	7,097,719	4,668,115	2,184,841	55,719,315
Avg Pay	44,683	52,809	60,556	69,585	71,817	75,339	54,734

INACTIVE MEMBERS ON OCTOBER 1, 2006
General Plan - Before Changes

Age	Terminated Vested		Disabled		Retirees & Beneficiaries		Grand Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits*	No.	Annual Benefits
Under 45	22	\$ 150,233	1	\$ 26,347	8	\$ 113,690	31	\$ 290,270
45-49	17	328,923	4	98,218	6	341,658	27	768,799
50-54	6	17,415	5	93,797	49	1,811,299	60	1,922,511
55-59	5	53,716	5	122,584	80	2,771,578	90	2,947,878
60-64	1	16	7	199,932	79	2,283,716	87	2,483,664
65-69	0	-	2	52,301	95	2,065,695	97	2,117,996
70-74	0	-	6	60,014	117	2,269,885	123	2,329,899
75-79	0	-	5	78,785	140	2,454,702	145	2,533,487
80-84	0	-	7	104,429	107	1,661,586	114	1,766,015
85-89	0	-	3	35,059	71	944,687	74	979,746
90 & Up	0	-	0	-	29	304,764	29	304,764
Total	51	\$ 550,303	45	\$ 871,466	781	\$ 17,023,260	877	\$18,445,029

INACTIVE MEMBERS ON OCTOBER 1, 2006
Unclassified Plan (Before Changes)

Age	Terminated Vested		Disabled		Retirees & Beneficiaries		Grand Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits*	No.	Annual Benefits
Under 45	3	\$ 56,154	0	\$ -	0	\$ -	3	\$ 56,154
45-49	10	200,008	0	-	0	-	10	200,008
50-54	0	-	0	-	30	1,217,397	30	1,217,397
55-59	0	-	0	-	39	1,516,097	39	1,516,097
60-64	0	-	0	-	30	1,192,607	30	1,192,607
65-69	0	-	0	-	23	840,707	23	840,707
70-74	0	-	0	-	20	699,570	20	699,570
75-79	0	-	0	-	10	360,058	10	360,058
80-84	0	-	0	-	8	254,209	8	254,209
85-89	0	-	0	-	6	154,168	6	154,168
90 & Up	0	-	0	-	1	31,921	1	31,921
Total	13	\$ 256,162	0	\$ -	167	\$ 6,266,734	180	\$ 6,522,896

INACTIVE MEMBERS ON OCTOBER 1, 2006

Merged Plan - After Changes

Age	Terminated Vested		Disabled		Retirees & Beneficiaries		Grand Total	
	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits	No.	Annual Benefits
Under 45	25	\$ 206,387	1	\$ 26,347	8	\$ 113,690	34	\$ 346,424
45-49	27	528,931	4	98,218	6	341,658	37	968,807
50-54	6	17,415	5	93,797	79	3,037,172	90	3,148,384
55-59	5	53,716	5	122,584	119	4,302,014	129	4,478,314
60-64	1	16	7	199,932	110	3,521,773	118	3,721,721
65-69	0	-	2	52,301	118	2,914,688	120	2,966,989
70-74	0	-	6	60,014	137	2,975,978	143	3,035,992
75-79	0	-	5	78,785	151	2,918,968	156	2,997,753
80-84	0	-	7	104,429	115	1,918,300	122	2,022,729
85-89	0	-	3	35,059	77	1,100,373	80	1,135,432
90 & Up	0	-			30	337,000	30	337,000
Total	64	\$ 806,465	45	\$ 871,466	950	\$23,481,614	1059	\$ 25,159,545

SECTION F
SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS

Effective Date

March 8, 2006 under Ordinance No. 2006-3504, whereby the former General and Unclassified Plans merge to form the Miami Beach Employees' Retirement Plan

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.

Earnings

For each person who becomes a member after the Second Tier Date, base pay including longevity, but excluding overtime, shift differential or extra compensation allowances. For each person who became a member before the Second Tier Date, actual salary or wages received. Earnings do not include lump sum payments of unused sick or vacation time. Overtime pay for Tier A members is limited to 10% of regular pay.

Second Tier Date

April 30, 1993 for members of AFSCME; August 1, 1993 for those classified as "Other"; and February 21, 1994 for members of MBEBBA; October 18, 1992 for Unclassified members.

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 prior to the effective date for Unclassified Tier A members

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. |
| 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. |
| 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. |

Early Retirement

- Eligibility** - Tier B members of the General Plan whose total of age plus service is 75, not earlier than age 50.
- Benefit** - Accrued pension actuarially reduced for number of years by which Early Retirement Date precedes Normal Retirement Date.

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.

Disability Benefits

- Eligibility** - A total and permanent disability which renders a member incapacitated, mentally or physically, 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.

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.

Post Retirement Adjustments

Retirees receive a 2.5% increase each year.

Contributions

Tier A Members - 10% of Earnings.

Tier B Members - 8% 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.

Changes Since Last Valuation

Under Ordinance No. 2006-3504, The General and Unclassified Plans were merged to form the Miami Beach Employees' Retirement Plan. The Ordinance also provides the following:

- A 2.5% COLA for all current and future retirees
- Final Average Monthly Earnings (FAME) equal to the average pensionable earnings for the two highest paid years
- Reduction in employee contribution rate to 8% for Tier B
- An Early Retirement Incentive Plan (ERIP) for Tier A members of the General Employees Plan
- A provision allowing buy-back of up to two years of service where the employee would have to pay 8% of annual pay for each year.
- Allowing participants from the City's defined contribution plan to make a one-time irrevocable election to enter the Miami Beach Employees Retirement Plan
- 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
- Increase the minimum service connected disability benefit from 50% to 65% of FAME and increase the minimum non service connected disability benefit from 25% to 35% of FAME for Tier A employees
- Reduction in the vesting requirement from 10 years to 5 years for Tier B employees
- Provide a partial lump sum distribution option up to 25% of the value of the accrued pension

- Reduce the Normal Retirement Age from 60 to 55 for Tier B employees
- Limit the amount of overtime pay to be included in pensionable earnings to 10% of annual pay for Tier A members of the General Employees Plan

August 30, 2007

Mr. Rick Rivera
Pension Administrator
City of Miami Beach Retirement
System for Unclassified Employees
and Elected Officials
1700 Convention Center Drive
Miami Beach, Florida 33139

Dear Rick:

Enclosed are 20 copies of our revised October 1, 2006 Actuarial Valuation Report for City of Miami Beach Employees' Retirement Plan. The revision is due to the Board's decision to change the assumed rate of investment return to 8.75%.

Please take the following actions:

1. Distribute a copy of the Report to Board members and other interested parties.
2. Send a copy of the Actuarial Report to:

Bureau of Local Retirement Systems
Division of Retirement
Post Office Box 9000
Tallahassee, Florida 32315-9000

We welcome your questions and comments.

Sincerely yours,

J. Stephen Palmquist, ASA
Senior Consultant & Actuary

JSP/cd

Enclosures