



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Miami, Florida  
General Employees' and Sanitation Employees'  
Retirement Trust and Other Managed Trusts



A Pension Trust of the City of Miami  
For the Year Ended September 30, 2006





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**City of Miami, Florida**  
**General Employees' and Sanitation Employees'**  
**Retirement Trust and Other Managed Trusts**

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*A Pension Trust of the City of Miami*

**Comprehensive Annual Financial Report**  
**For the Year Ended September 30, 2006**

Prepared by the Accounting Department

Debra Sears, Chief Financial Officer  
Christopher Recicar, Deputy Administrator  
Enrique Mesa, Accountant

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**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

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# **Introductory Section**

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
BOARD OF TRUSTEES, MANAGEMENT AND CONSULTANTS  
SEPTEMBER 30, 2006**

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**BOARD OF TRUSTEES**

**Ronald Thompkins**, Chair  
Appointed by City Commission

**William J. Rabun**, Vice Chair  
Appointed by AFSCME/Local 1907

**Rosalie Mark**  
Appointed by City Manager

**Oscar Valido**  
Appointed by AFSCME/Local 1907

**Rose Gordon**  
Appointed by City Commission

**Joe Simmons, Jr.**  
Appointed by AFSCME/Council 79

**Caridad Montero**  
Appointed by City Commission

**James Turner**  
Appointed by AFSCME/Council 79

**Christopher Heywang**  
Appointed by City Commission

**MANAGEMENT**

Pension Administrator  
Sandra Elenberg

Chief Financial Officer  
Debra Sears

Assistant to the Administrator  
Irma I. Saldaña

Deputy Administrator  
Christopher Recicar

**CONSULTANTS**

Legal Counsel  
Ronald A. Silver, Esq.

Certified Public Accountants  
Sharpton, Brunson & Company, PA

Investment Consultants  
Southeastern Advisory Services, Inc.

Consulting Actuary  
Buck Consultants

Custodian Bank  
State Street Bank & Trust Co.

CITY OF MIAMI  
GENERAL EMPLOYEE'S AND SANITATION EMPLOYEES'  
RETIREMENT TRUST

March 12, 2007

The Board of Trustees  
City of Miami General Employees' and Sanitation Employees'  
Retirement Trust and Other Managed Trusts  
City of Miami, Florida 33133

It is our pleasure to provide you with a copy of the Comprehensive Annual Financial Report ("CAFR") for the City of Miami General Employees' & Sanitation Employees' Retirement Trust and Other Managed Trusts (the "Trusts") for the fiscal year ended September 30, 2006.

Management assumes full responsibility for the accuracy and reliability of the information including the completeness and fairness of its presentation. To provide a reasonable basis for these representations, management has established a comprehensive internal control framework that is designed to provide reasonable, but not absolute, assurance of the safeguarding of assets against loss from unauthorized use or disposition and the adequate reliability of accounting records. Monitoring and evaluation of internal controls is a function that is maintained on an ongoing basis.

The financial statements have been audited by a firm of licensed certified public accountants in the State of Florida as required by state statute. The goal of the audit was to provide reasonable assurance that the financial statements are free of material misstatement. The audit was conducted in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits in *Government Auditing Standards* issued by the Comptroller of the United States. The independent accountant concluded that there was a reasonable basis for rendering an unqualified opinion that the financial statements for the year ended September 30, 2006 are fairly stated in conformity with U.S. generally accepted accounting principles. The Independent Accountant's Report is presented as the first component of the financial section of this report.

This CAFR is divided into five sections. A brief description of each section is provided below:

**Introductory Section** - Includes: a list of the Board of Trustees, Management and Consultants; this letter of transmittal; the Certificate of Achievement for Excellence in Financial Reporting for the prior year; and an organizational chart.

**Financial Section** - Includes: the Independent Accountants' Report; Management's Discussion and Analysis ("MD&A"); audited financial statements for the Trusts; Schedules of funding progress; Schedules of employer contributions; and supporting schedules. MD&A can be found immediately following the Independent Accountants' Report and contains a condensed analysis of the financial and investment sections. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

**Investment Section** - Includes: a letter from our investment consultant; a summary of investment policy guidelines; an investment summary; a summary of investment returns; and various other investment related schedules.



**Actuarial Section** - Includes: actuarial opinion letter from our consulting actuary; summarized information from the actuarial valuation reports including actuarial schedules; and a summary of plan provisions.

**Statistical Section** - Includes: several schedules reflecting significant statistical data.

## **BACKGROUND INFORMATION**

### **Trusts' History**

The City of Miami General Employees' and Sanitation Employees' Retirement Trust and Other Managed Trusts is a retirement system that includes three separate defined benefit plans representing pension trust funds of the City of Miami, Florida (the "City"). The Trusts consist of a single employer plan covering general and sanitation employees of the City, an excess benefit plan covering retirees exceeding the maximum benefit, and a single employer plan covering the staff of the Trusts.

A defined benefit pension trust for all City employees was instituted by City of Miami Ordinance No. 5624, effective July 1, 1956. Pursuant to the final judgment entered on May 23, 1985, in the matter of Leonard Gates, et al vs. City of Miami (the "Gates Agreement"), the City of Miami General Employees' and Sanitation Employees' Retirement Trust (the "GESE Trust") was established by Ordinance No. 10002 effective June 13, 1985, to serve permanent employees other than firefighters and police officers. The Gates Agreement separated the GESE Trust from the Firefighters and Police Officers' Trust and set individual pension Board guidelines and funding requirements. Members contribute 10% of compensation to the plan. Normal retirement age is at least 55 with a minimum of 10 years of service. Benefits are based on 3% of the average final compensation multiplied by years of creditable service.

As part of the GESE Trust, a Deferred Retirement Option Program ("DROP") was established in March 2002, pursuant to City of Miami Ordinance No. 12202. The DROP was available to all qualified active GESE Trust members effective May 1, 2002. The DROP allows a participant to accumulate deferred pension benefits while continuing to work as an active member.

The City of Miami established a qualified governmental excess benefit plan in Section 40-265 of the Miami City Code in July 2000. The City of Miami General Employees' and Sanitation Employees' Retirement Excess Benefit Plan (the "Excess Benefit Plan") was intended to pay the GESE Trust participants, whose benefits exceeded the amounts permitted by Sections 415 and 401(a)(17) of the Internal Revenue Code. The Board of Trustees of the City of Miami General Employees' and Sanitation Employees' Retirement Trust administers the Excess Benefit Plan through a Grantor Trust Agreement with the City of Miami. The original plan's effective date was October 1, 2000.

On April 27, 2001, the Board of Trustees, within their rule making authority as allowed under Section 40-244 of the Miami City Code, approved a defined benefit plan for the staff employees of the GESE Trust. The City of Miami General Employees' and Sanitation Employees' Retirement Trust Staff Pension Plan (the "Staff Plan") had an effective date of July 1, 2001. Members contribute 10% of compensation to the plan. Normal retirement is a minimum of 10 years of service regardless of age. Benefits are based on 3% of the average final compensation multiplied by years of creditable service.

## **Plan Administration**

A nine member Board of Trustees, who are considered fiduciaries, govern the Trusts. The Board meets at least once every two months as required by City ordinance. Trustees are selected as follows: one trustee selected by the City Manager, two trustees selected by the general employees, two trustees selected by the sanitation employees, and four independent trustees nominated by the unions but approved by the City Commission.

As fiduciaries of the Trusts, the Board performs their duties and responsibilities solely in the interest of members of the retirement plans. In order to achieve their goals, the Board has employed the services of support staff including a pension administrator to perform daily functions. Services provided by support staff include accounting and financial reporting, member and employer contributions processing, retiree benefits calculations, and monthly disbursement of benefits to retirees or beneficiaries.

The Board employs the services of a consulting actuary, a custodial bank, an investment consultant and several investment managers. An actuarial valuation for each plan is performed by the actuary on an annual basis to determine the amount of the City's annual contribution. The custodial bank has the responsibility of safeguarding assets and reporting monthly investment manager activity. The investment consultant assists the Board in various investment related functions including asset allocation, selection of investment managers, and monitoring and reporting of investment performance. The services of several investment managers are utilized to achieve the goals of investment diversification, and the maximization of returns that meet or exceed the Trusts' actuarial interest rate assumption with reasonable risk. A third party financial organization is utilized as the administrator and investment advisor to assist individual participants with their DROP accounts.

Pursuant to the Gates Agreement, all administrative expenditures of the Trusts, other than investment expenses are to be funded by the City. These expenditures are based upon a budget approved by the Board of Trustees prior to the beginning of the fiscal year. Budgetary controls are maintained in the form of recording all expenditures in the accounting records and performing variance analysis. All administrative expenditures other than investment manager fees are considered budgeted expenditures reimbursable by the City. All investment manager fees are negotiated and based upon the market value of assets being managed and are not reimbursed by the city.

The Board continues to review all aspects of the Trusts to comply with its policies and regulations. All efforts continue in administering the Trusts in an efficient and cost effective manner. The Board and management remains committed to serving the needs of its participants in a diligent manner.

## **MAJOR INITIATIVES**

The Trusts have implemented a new pension administration system called Pension Gold. This state-of-the-art system maintains active and retiree member information, calculates benefits, tracks member contributions, processes retiree payroll and provides related benefit reporting.

The Board decided to replace one of its long time money managers, due to their underperformance of the Large Cap Value Equities in its portfolio. In April 2006, Thompson, Siegel & Walmsley, Inc. replaced Trusco Capital Management.

## **INVESTMENT ACTIVITIES**

The investments are governed by the “prudent person rule” which established standards that states fiduciaries shall discharge their duties solely in the interest of the fund participants and with the degree of diligence, care and skill which prudent persons would ordinarily exercise under similar circumstances in a like position. The Board has established investment policies based upon criteria that allows for the delegation of investment authority to professional investment advisors as permitted by the prudent person rule. The investment policies outline the responsibility for the investment of the funds and the degree of risk. The investment managers can use their full discretion as long as they remain within the established guidelines. The investment policy guidelines are reviewed and amended periodically upon consultation with the investment consultant. The investment activities of the Trusts are monitored very closely so as to maintain asset allocation within the established investment guidelines and performance within the benchmarks. The Board meets at least quarterly with the investment consultant in order to monitor individual investment manager performance as well as total fund performance. Investment managers are required to meet with the Board at least once a year, so as to update the Board on performance related information and investment related events.

In considering investment allocation, the major focus of attention is the long-term goal of the Trusts. Diversification of investments helps to reduce overall risk. Asset classes currently being utilized include domestic and international equities, fixed income, real estate and cash. A summary of asset allocation is provided on page 41 in the investment section of this report. The GESE Trust shows an asset allocation of 67 percent in equities, 7 percent in real estate, 23 percent in fixed income and 3 percent in cash at fiscal year end. The Staff plan shows an asset allocation of 52 percent in equities, 47 percent in fixed income and 1 percent in cash at fiscal year end. Asset allocations were within the established policy ranges.

For fiscal year 2006, investments provided a 10.4 percent rate of return for the GESE Trust and a 5.6 percent rate of return for the Staff Plan. The GESE Trust’s annualized rate of return over the last three years was 11.0 percent and over the last five years was 7.6 percent. The Staff Plan’s annualized rate of return over the last three years was 6.1 percent and over the last five years was 5.1 percent. For a condensed summary of investment results, see MD&A section Table 5 and 6. A detailed breakdown of individual manager investment style, fund allocation, rate of return, style benchmark, and universe ranking is provided on page 46 in the investment section of this report. For actuarial valuation purposes, the assumed rate of return is 8.1 percent. It should be noted that the method of asset valuation utilized for actuarial purposes is a moving market value average over three years. Therefore, although fund return variations have an impact on actuarial calculations, the impact is not as high on an individual year due to this market smoothing effect.

## **FUNDING STATUS**

Florida Statutes require local pension plans to be funded based on approved actuarial reports, except for plans for a select group of employees such as the Excess Benefit Plan. Annual actuarial valuation reports are prepared by our consulting actuary and submitted to the State of Florida’s Division of Retirement for approval on an annual basis.

The Trusts’ funding policies provide for the City of Miami to make periodic employer contributions at actuarially determined rates. These contributions are sufficient to maintain the actuarial soundness of the plans and to accumulate sufficient assets to pay benefits when due. The annual required contributions vary from year to year and are based upon various factors

## **FUNDING STATUS (Cont'd)**

and assumptions, including investment rates of return. As can be seen from the schedule of employer contributions on pages 30 - 32 in the financial section, the City has consistently contributed the annual required contributions as determined by the plans' actuary. This policy does not apply to the Excess Benefit Plan which is funded on a pay-as-you-go basis as benefits become due.


The schedules of funding progress on pages 30 - 32 in the financial section of this CAFR provide information on the funding status of all the plans. On the actuarial valuation date October 1, 2005, the GESE Trust had an actuarial value of assets of \$589 million and an actuarial accrued liability of \$746 million, which resulted in a funded ratio of 79 percent. The Staff Plan had an actuarial value of assets of \$768 thousand and an actuarial accrued liability of \$1.084 million, which resulted in a funded ratio of 71 percent. The Trusts continue in sound financial condition in accordance with Florida Statutes, City ordinance and the Gates Agreement. The Board and management, along with our consulting actuary continue to diligently monitor the progress. A detailed discussion of funding is provided in the Actuarial Section of this report.

## **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Trusts for its CAFR for the fiscal year ended September 30, 2005. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized report. This document must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The guidance and cooperation of the Board of Trustees in planning and conducting the financial affairs of the Trusts is greatly appreciated. We would like to express our gratitude to the dedicated service of our staff and advisors who have worked so diligently to assure the successful operation of the Trusts as well as the completion of this report.

Sincerely,



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Debra Sears  
Chief Financial Officer



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Sandra Elenberg  
Pension Administrator

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Miami General Employees'  
& Sanitation Employees'  
Retirement Trust, Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

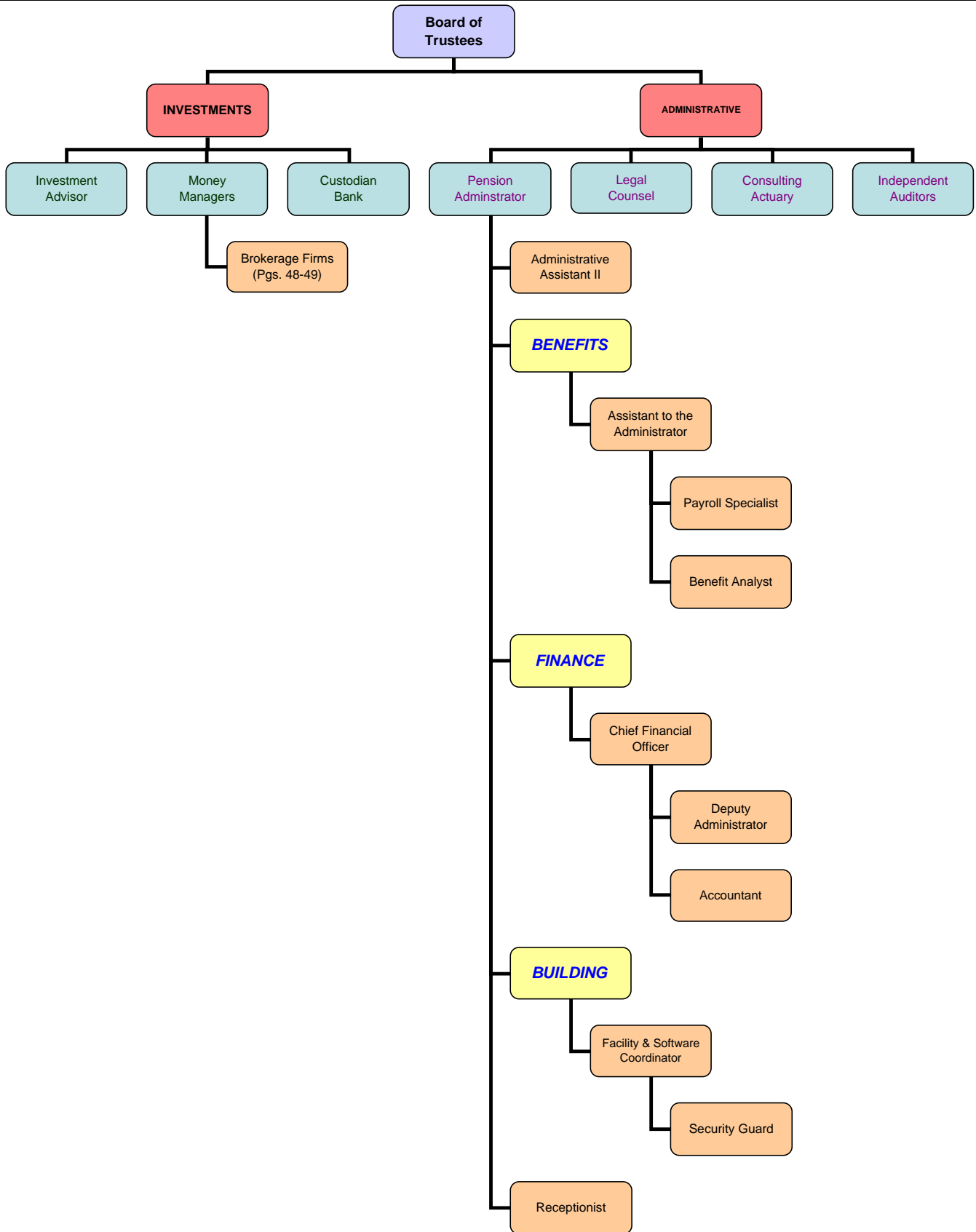


President

Executive Director



**CITY OF MIAMI GENERAL EMPLOYEES AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
ORGANIZATIONAL CHART  
SEPTEMBER 30, 2006**



# **Financial Section**



# SHARPTON, BRUNSON & COMPANY, P.A.

Certified Public Accountants & Business Consultants

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Tallahassee, Florida 32301  
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Facsimile: (850) 224-0099

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## Independent Accountants' Report

Board of Trustees

City of Miami General Employees' and Sanitation Employees'  
Retirement Trust and Other Managed Trusts

We have audited the combined statements of net assets of the City of Miami General Employees' and Sanitation Employees' Retirement Trust and Other Managed Trusts (the "Trusts") as of September 30, 2006 and 2005, and the related combined statements of changes in net assets for the years then ended. These financial statements are the responsibility of the Trusts' 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 and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 combined financial statements referred to above present fairly, in all material respects, the net assets of the Trusts as of September 30, 2006 and 2005 and changes in net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in note 7 to the financial statements, the Trusts changed its policy for recording capital equipment which resulted in an adjustment to net assets in the 2005 financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2006, on our consideration of the Trusts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming opinions on the basic financial statements taken as a whole of the Trusts as of and for the years ended September 30, 2006 and 2005. The schedule of administrative expenses and schedule of investment and consulting expenses on pages 33 - 34 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The management's discussion and analysis on pages 3 - 11 and the schedules of funding progress and employer contributions on pages 30 - 32 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. 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 express no opinion on it.

The information presented in the investment section, actuarial section and statistical section is presented for purposes of additional analysis and is not a required part of the financial audit of the financial statements and, accordingly, we expressed no opinion on it.

December 15, 2006

*Sharpton Brunson & Company P.A.*

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**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2006 AND 2005**

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The discussion and analysis of the City of Miami General Employees' and Sanitation Employees' Retirement Trust and Other Managed Trusts' (the "Trusts") financial performance provides an overview of the financial activities and funding conditions for the fiscal years ended September 30, 2006 and 2005.

**FINANCIAL HIGHLIGHTS**

**The City of Miami General Employees' and Sanitation Employees' Retirement Trust ("GESE Trust")**

The GESE Trust net results from operations for fiscal year 2006 reflected the following financial activities (see Table 2):

- A net increase of \$36.6 million in plan net assets (or 6.2%) as a result of the fiscal year activities.
- Member contributions remained consistent with 2005. The contributions for the last three fiscal years were approximately \$8 million. Employer contributions increased \$3 million (or 15.9%) compared to 2005. The amount of employer contributions vary from year to year based on an actuarially determined requirement, while member contributions are equal to 10% of payroll.
- The equity and fixed net investment income in an amount of \$56.2 million in fiscal 2006 experienced a decrease of \$4.3 million (or 7.1%) when compared to fiscal year 2005. This followed an impressive increase of \$7.4 million (or 13.9%) in net investment income in fiscal 2005 when compared to fiscal 2004.
- In 2006, benefit payments and refunds of contributions increased by \$2.7 million (or 5.8%), while in 2005, benefit and refund payments increased by \$5.1 million (or 12.1%).
- A change in an accounting principle occurred due to the City of Miami determining that the GESE Trust should maintain the capital assets. The cumulative effect of the change in accounting principle due to the capitalization of the capital assets less related depreciation was \$441 thousand in 2005 and \$311 thousand in 2004 (see note 7).

**The City of Miami General Employees' and Sanitation Employees' Retirement Excess Benefit Plan ("Excess Benefit Plan")**

The Excess Benefit Plan reflected the following activities for fiscal year 2006:

- Employer contributions and pension benefit payments for the Excess Benefit Plan decreased by a modest \$12 thousand (or 2.5%), while in 2005 they decreased \$42 thousand (or 8.1%).
- The Excess Benefit Plan has no investment plan assets (see Table 1). Therefore, there were no actual investment performance returns or significant financial results.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2006 AND 2005**

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**FINANCIAL HIGHLIGHTS (Cont'd)**

**The City of Miami General Employees' and Sanitation Employees' Retirement Trust Staff Pension Plan ("Staff Plan")**

The Staff Plan had the following financial performance results for fiscal year 2006 (see Table 2):

- Plan net assets had an increase of \$168 thousand for each fiscal year 2006 and 2005.
- Member contributions remained relatively constant for the past three years, increasing \$6 thousand (or 13.9%) in 2006 and decreasing \$3 thousand (or 6.7%) in 2005, representing 10% of payroll. Employer contributions decreased \$27 thousand (or 27%) in 2006 and increased \$2 thousand (or 2.0%) in 2005, based on an actuarially determined requirement.
- The investment portfolio had net investment income of \$48 thousand in fiscal year 2006 representing a decrease in net investment income of \$7 thousand from 2005. The net investment income of \$55 thousand in fiscal year 2005 represented an increase of \$57 thousand from 2004.

**PLAN HIGHLIGHTS**

**GESE Trust**

In fiscal year 2006, the GESE Trust had the following significant events occur:

- Due to actuarial requirements, the total contributions to the GESE Trust increased \$3 million during fiscal year 2006 and \$8.3 million during 2005 (see Table 2).
- The members' contributions increased by \$163 thousand compared to 2005 when the members/employee contributions decreased by \$79 thousand. Employee contributions will vary from year to year and are dependent upon several factors such as salary levels and number of active members.

**Excess Benefit Plan**

Excess Benefit Plan was established so that the amount of the defined benefits for eligible members is not diminished by changes in the IRS Tax code. The Plan pays GESE Trusts' participants whose benefits exceeded the amounts permitted by section 415 and 401(a)(17) of Internal Revenue Code. Accordingly, the plan does not have plan net assets.

**Staff Plan**

During fiscal year 2006, the Staff Plan had the following significant events occur:

- The plan net assets increased to \$914 thousand in fiscal year 2006 from \$746 thousand in fiscal year 2005, or a 22.5% increase.
- There were no deductions during 2006 as there were no retirees or refunds, compared to a refund of contributions of approximately \$29 thousand during 2005.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2006 AND 2005**

**STATEMENT OF PLAN NET ASSETS OVERVIEW**

The financial statements reflect the activities of the Trusts, and are reported in the Statement of Plan Net Assets (see Table 1) and the Statement of Changes in Plan Net Assets (see Table 2). These statements are presented on a full accrual basis and reflect all Trusts' activities as incurred.

The following condensed comparative Statement of Plan Net Assets demonstrates the investment positions the Trusts have taken to diversify their assets.

**TABLE 1  
STATEMENT OF PLAN NET ASSETS  
September 30,  
(in Thousands)**

	GESE Trust			Excess Benefit Plan			Staff Plan		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Cash	\$ 368	\$ 430	\$ 379	\$ 14	\$ 52	\$ 30	\$ 1	\$ 1	\$ 3
<b>Receivables:</b>									
Securities sold	2,521	1,428	6,314	-	-	-	-	-	-
Interest & dividends	1,997	1,865	6,314	-	-	-	6	-	-
Contributions & other	558	1,547	1,494	20	-	38	-	-	-
<b>Total receivables</b>	<b>5,076</b>	<b>4,840</b>	<b>7,808</b>	<b>20</b>	<b>-</b>	<b>38</b>	<b>6</b>	<b>-</b>	<b>-</b>
<b>Investments</b>									
Fixed income	160,834	162,653	165,333	-	-	-	432	358	271
Equity securities	461,933	420,841	379,495	-	-	-	476	387	304
<b>Total investments</b>	<b>622,767</b>	<b>583,494</b>	<b>544,828</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>908</b>	<b>745</b>	<b>575</b>
Capital Assets	2,834	2,718	2,314	-	-	-	-	-	-
<b>Total Assets</b>	<b>631,045</b>	<b>591,482</b>	<b>555,329</b>	<b>34</b>	<b>52</b>	<b>68</b>	<b>915</b>	<b>746</b>	<b>578</b>
<b>Liabilities:</b>									
Securities purchased	6,287	3,038	7,718	-	-	-	-	-	-
Other liabilities	766	1,003	836	34	52	68	1	-	-
<b>Total Liabilities</b>	<b>7,053</b>	<b>4,041</b>	<b>8,554</b>	<b>34</b>	<b>52</b>	<b>68</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Net assets held in Trust for pension benefits</b>	<b>\$ 623,992</b>	<b>\$ 587,441</b>	<b>\$ 546,775</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 914</b>	<b>\$ 746</b>	<b>\$ 578</b>

The Statement of Plan Net Assets above is a point in time snapshot of account balances at fiscal year-end. It reports the assets available for future payments to retirees less any current liabilities that are owed as of the financial statements date. The resulting net assets held in trust for pension benefits are available to meet on-going obligations to plan participants and their beneficiaries. The Trusts continue to be soundly funded. It is important to remember that a retirement system's funding is a long term concept, where temporary fluctuations in the market are expected.

The net assets of the GESE Trust reported in the fiscal year 2006 was \$624 million compared to the net assets reported in the fiscal year 2005 of \$587.4 million. The net assets increased by \$36.6 million (or 6.2%) primarily due to the increase in investments of \$39.3 million.

The net assets of the Staff Plan reported in the fiscal year 2006 was \$914 thousand compared to the net assets reported in the fiscal year 2005 of \$746 thousand. The net assets increased by \$168 thousand (or 22.5%) primarily due to the increase in investments of \$163 thousand.

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**STATEMENT OF CHANGES IN PLAN NET ASSETS OVERVIEW**

The Statement of Changes in Plan Net Assets displays the effect of pension fund transactions that occurred during the fiscal year, where additions less deductions equal a net increase or decrease in net assets. The table below shows a condensed comparative summary of the changes in net assets and reflects the activities of the Trusts.

**TABLE 2  
STATEMENTS OF CHANGES IN PLAN NET ASSETS  
For the Years Ended September 30,  
(in Thousands)**

	GESE Trust			Excess Benefit Plan			Staff Plan		
	2006	2005	2004	2006	2005	2005	2006	2005	2004
<b>Additions:</b>									
Contributions									
Employer	\$ 22,018	\$ 19,003	\$ 10,670	\$ 463	\$ 475	\$ 517	\$ 72	\$ 100	\$ 98
Members	8,022	7,858	7,937	-	-	-	48	42	45
<b>Total contributions</b>	<b>30,040</b>	<b>26,861</b>	<b>18,607</b>	<b>463</b>	<b>475</b>	<b>517</b>	<b>120</b>	<b>142</b>	<b>143</b>
Reimbursement income	2,426	2,310	2,356	31	63	16	-	-	-
Net investment income (loss)	56,192	60,458	53,064	-	-	-	48	55	(2)
<b>Total additions</b>	<b>88,658</b>	<b>89,629</b>	<b>74,027</b>	<b>494</b>	<b>538</b>	<b>533</b>	<b>168</b>	<b>197</b>	<b>141</b>
<b>Deductions:</b>									
Benefits	48,077	45,927	41,138	463	475	517	-	-	-
Refunds	1,753	1,167	883	-	-	-	-	29	-
Administrative	2,277	1,869	2,045	31	63	16	-	-	-
<b>Total deductions</b>	<b>52,107</b>	<b>48,963</b>	<b>44,066</b>	<b>494</b>	<b>538</b>	<b>533</b>	<b>-</b>	<b>29</b>	<b>-</b>
<b>Change in net assets</b>	<b>36,551</b>	<b>40,666</b>	<b>29,961</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>168</b>	<b>168</b>	<b>141</b>
<b>Net assets held in trust for pension benefits:</b>									
Beginning of year	587,441	546,775	516,814	-	-	-	746	578	437
End of year	\$ 623,992	\$ 587,441	\$ 546,775	\$ -	\$ -	\$ -	\$ 914	\$ 746	\$ 578

**GESE Trust**

The changes in plan net assets for the GESE Trust reflect the following:

- Additions to the plan net assets during fiscal year 2006 were \$88.7 million, including contributions of \$30 million and net investment income of \$56.2 million. This was a slight decrease from the fiscal year 2005, when additions were \$89.6 million, which included member and employer contributions of \$26.9 million, and net investment income of \$60.5 million.
- Deductions to plan net assets increased 6.4% from \$49 million during 2005 to \$52.1 million in 2006. Most of the increase relates to increases in pension benefit payments due to an increase in retirees and a cost of living adjustment.

**Excess Benefit Plan**

For the Excess Benefit Plan, the City contributes as benefits become payable. As a result, employer contributions equal benefit payments. Employer contributions and administrative reimbursements decreased \$44 thousand (or 8.2%) from \$538 thousand during 2005 to \$494 thousand in 2006 due to less costs and benefits required.

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**STATEMENT OF CHANGES IN PLAN NET ASSETS (Cont'd)**

**Staff Plan**

The changes in plan net assets for the Staff Trust, reflect the following:

- Additions to the plan net assets during fiscal year 2006 were \$168 thousand, including contributions of \$120 thousand and net investment income of \$48 thousand. This was a 15.5% decrease from the fiscal year 2005, when additions were \$197 thousand, which included contributions of \$142 thousand, and net investment income of \$55 thousand.
- Deductions to plan net assets decreased from \$29 thousand during 2005 to \$0 in 2006 due no retirees or refunds.

**ASSET ALLOCATIONS**

**GESE Trust**

The table below indicates the GESE Trust's investment policy target and actual asset allocation for the past three years.

**TABLE 3  
SUMMARY OF ASSET ALLOCATION GESE TRUST**

	Policy Guidelines			Actual as of September 30,		
	Minimum	Target	Maximum	2006	2005	2004
Domestic large cap equities	35.0%	45.0%	55.0%	49.1%	49.7%	50.1%
Small-mid cap equities	0.0%	10.0%	15.0%	7.9%	8.0%	7.3%
International equities (UH)	0.0%	10.0%	15.0%	10.3%	9.5%	8.0%
U.S. aggregate fixed income	20.0%	29.0%	40.0%	22.6%	24.9%	27.5%
Real estate	0.0%	5.0%	10.0%	7.1%	6.3%	5.7%
Cash and other	0.0%	1.0%	15.0%	3.0%	1.6%	1.4%
				<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The percentage of total assets invested in each asset class was well within the policy ranges for the past three fiscal years. Moderate changes in the allocation occurred due to market conditions, specifically in fixed income, which declined 2.3% in 2006 after another 2.6% decline in 2005. International equity and real estate increased the past two years due to strong market returns. The policy guidelines represent the Investment Statement Policy dated September 2005.



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**ASSET ALLOCATIONS (Cont'd)**

**Staff Plan**

The Table below indicates Staff Plan's investment policy target and actual asset allocation for the past three years.

**TABLE 4  
SUMMARY OF ASSET ALLOCATION STAFF TRUST**

	Policy Guidelines			Actual as of September 30,		
	Minimum	Target	Maximum	2006	2005	2004
Domestic large cap equities	40.0%	50.0%	60.0%	52.1%	51.8%	51.5%
U.S. aggregate fixed income	40.0%	50.0%	60.0%	46.7%	46.8%	46.3%
Cash and other	0.0%	0.0%	10.0%	<u>1.2%</u>	<u>1.4%</u>	<u>2.2%</u>
				<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The equity allocation was close to the 50% target. During fiscal year ends 2006 and 2005, equity allocation increased since equities outperformed bonds. There were no small capitalization stocks in the Staff Plan portfolio for the three years. The policy guidelines represent the Investment Statement Policy dated September 2004.

**INVESTMENT ACTIVITIES OVERVIEW**

Investment income is very important to the Trusts for current and future financial stability. Therefore, the Trustees have a fiduciary responsibility to act prudently, when making Plan investment decisions. The Board employs the services of an investment consultant to review and periodically update the Investment Policy Statements. The Investment Policy Statements were last amended September 2005 for the GESE Trust and September 2004 for the Staff Plan.

Portfolio performance is reviewed quarterly for the GESE Trust and semi-annually for the Staff Plan by the Board and its investment consultant. Performance is evaluated for each individual money manager, collectively by investment type (i.e. domestic equity) and for the total portfolio.

The summary of investment returns for the GESE Trust on Table 5 and the Staff Plan on Table 6 reflects the past three fiscal year returns as well as the three-year and five-year annualized rates of return for periods ending September 30, 2006. The rates of returns are time weighted, gross of fees, and based on market rate of return.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
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**INVESTMENT ACTIVITIES OVERVIEW (Cont'd)**

*The overall performance results for the GESE Trust follows:*

**TABLE 5  
SUMMARY OF INVESTMENT RETURNS GESE TRUST  
September 30,**

	2006	2005	2004	Annualized Return	
				3 Years	5 Years
<b>Equities</b>					
Fund Return - Domestic Equities	10.1%	13.2%	13.3%	12.2%	7.1%
Fund Return - International Equities	19.1	30.9	18.5	22.7	15.7
S & P 500	10.8	12.2	13.9	12.3	7.0
Dow Jones	10.5	7.2	11.0	13.3	8.6
Russell Mid-Cap	8.0	21.3	18.5	16.1	14.4
Russell 2000 - Small Stock	9.9	18.0	18.8	15.5	13.8
MSCI EAFE - Non US Stocks	19.2	25.8	22.1	22.3	14.3
<b>Fixed Income</b>					
Fund return - Fixed Income	4.1	2.7	3.6	3.4	4.6
Lehman - Aggregate	3.7	2.8	3.7	3.4	4.8
Lehman - Mortgage Backed	4.2	2.3	4.4	3.9	4.5
Lehman - Government/Corporate	3.3	2.6	3.3	3.1	5.0
T-Bills - 90 days	4.5	2.6	1.1	2.7	2.3
<b>Real Estate</b>					
Fund return - Real Estate	24.3	22.8	14.5	20.5	15.3
FR NCREIF Index	17.6	19.2	12.4	16.4	12.4
NAREIT	24.0	22.6	25.6	24.1	21.5
<b>Total Fund Return</b>	10.4	11.6	11.0	11.0	7.6
<b>Total Fund Benchmark</b>	9.8	11.7	12.7	11.4	8.3

The GESE Trust returned 10.4%, for the year ended September 30, 2006 as compared to an 11.6% return for the year ended September 30, 2005. The Trust's positive performance this year, similar to 2005, was the result of strong returns in the equity markets, especially in the international equity asset class, as well as solid returns in the real estate segment. Fixed income results have continued to be low for the past three years due to the gradual increase in short term rates by the Federal Reserve each year. The fund outperformed the benchmark for 2006 and met the benchmark in 2005. The fund experienced only a slight lag behind the benchmark in the three and five year annualized rates of return.

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**INVESTMENT ACTIVITIES OVERVIEW (Cont'd)**

*The overall performance results for the Staff Plan follows:*

**TABLE 6  
SUMMARY OF INVESTMENT RETURNS STAFF PLAN  
September 30,**

	2006	2005	2004	Annualized Return	
				3 Years	5 Years
<b>Equities</b>					
Fund Return - Domestic Equities	7.1%	11.9%	9.4%	9.5%	5.4%
S & P 500	10.8	12.2	13.9	12.3	7.0
Russell 1,000 - Growth Stock	10.5	7.2	11.0	13.3	8.6
Dow Jones	6.1	11.6	7.5	8.4	4.4
<b>Fixed Income</b>					
Fund Return - Fixed Income	3.9	2.7	2.6	3.0	4.2
Lehman Brothers - Aggregate	3.7	2.8	3.7	3.4	4.8
Lehman Brothers - Mortgage Backed	4.2	2.3	4.4	3.9	4.5
Lehman Brothers - Government/Corp	3.3	2.6	3.3	3.1	5.0
<b>Cash Equivalent (Money Market Funds)</b>					
Fund Return	4.7	2.9	N/A	N/A	N/A
T-Bills - 90 days	4.5	2.6	1.1	2.7	2.3
<b>Total Fund Return</b>	<b>5.6</b>	<b>7.0</b>	<b>5.7</b>	<b>6.1</b>	<b>5.1</b>
<b>Total Fund Benchmark</b>	<b>7.0</b>	<b>7.4</b>	<b>9.1</b>	<b>7.8</b>	<b>6.3</b>

For the fiscal year ended September 30, 2006, the Staff Plan was also impacted by the positive stock market environment, albeit not to the extent of the GESE Trust, and experienced a total return of 5.6%, following a total return in 2005 of 7.0%. The equity portion of the Staff Plan returned 7.1%, well below the S&P 500 Index return of 10.8%, compared to 2005 when the equity return was 11.9%. The equity increase was somewhat offset by the modest return in the fixed income segment of the portfolio, which was 3.9% in 2006 and 2.7% in 2005. The fund was somewhat below the benchmark in 2006 but was close to reaching the benchmark in 2005. The fund was behind the benchmark to some extent in the three and five year annualized rates of return.

**FINANCIAL ANALYSIS SUMMARY**

The Trusts investment activities, measured as of the end of the fiscal year 2006, are a function of the underlying marketplace for the period measured, money manager performance, and the investment policy's asset allocation. There was an ample amount of opportunity for positive returns on the investments of a diversified portfolio, for this fiscal year, as can be seen in the aforementioned tables 1, 2, 5 & 6. The Trusts' funding objectives are to meet long-term benefit obligations through investment income and contributions. Accordingly, the collection of employer and member contributions, and the income from investments are essential for providing the reserves needed to finance future retirement benefit payments.

Management and its actuary concur that the Trusts remain in sound financial position to meet their future obligations to the plan participants and beneficiaries. The current financial position is the result of, or may be due to, temporary market conditions. The economic outlook is, however, one of excellent opportunity with the possibilities of growth. The Trusts possess very successful investment programs and prudent management practices in place to alleviate the effects of present and future adverse economic conditions.

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**CONTACTING THE TRUSTS' FINANCIAL MANAGEMENT**

This financial report is designed to provide the Trustees, retired plan participants and active City employees with an overview of the Trusts' finances and the prudent exercise of the Board's oversight. If you have any questions regarding the contents of this report, please contact the City of Miami General Employees' and Sanitation Employees' Retirement Trust at 2901 Bridgeport Avenue, Coconut Grove, Florida 33133, phone (305) 441-2300, or at the Trusts' website at <http://gese.org>.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
STATEMENT OF PLAN NET ASSETS  
SEPTEMBER 30, 2006**

	<u>GESE Trust</u>	<u>Excess Benefit Plan</u>	<u>Staff Plan</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ 368,183	\$ 13,752	\$ 1,000	\$ 382,935
Receivables:				
Securities sold	2,520,723			2,520,723
Members' contributions	293,843			293,843
Interest and dividends	1,997,000		5,345	2,002,345
City of Miami	243,352	5,665		249,017
Other	<u>21,463</u>	<u>14,293</u>		<u>35,756</u>
Total receivables	<u>5,076,381</u>	<u>19,958</u>	<u>5,345</u>	<u>5,101,684</u>
Investments, at fair value:				
U.S. Government and Agency Securities	76,619,487		213,578	76,833,065
Corporate stocks	417,662,830		475,803	418,138,633
Corporate bonds	66,115,084		207,729	66,322,813
Real estate fund	44,270,329			44,270,329
Money market funds	<u>18,098,744</u>		<u>11,073</u>	<u>18,109,817</u>
Total investments	<u>622,766,474</u>		<u>908,183</u>	<u>623,674,657</u>
Capital assets, net	<u>2,834,224</u>			<u>2,834,224</u>
Total Assets	<u>631,045,262</u>	<u>33,710</u>	<u>914,528</u>	<u>631,993,500</u>
<b>LIABILITIES</b>				
Payable for securities purchased	6,286,810			6,286,810
City of Miami		33,710		33,710
Accounts payable and accrued expenses	<u>766,096</u>		<u>764</u>	<u>766,860</u>
Total liabilities	<u>7,052,906</u>	<u>33,710</u>	<u>764</u>	<u>7,087,380</u>
Net assets held in trust for pension benefits (A schedule of funding progress is presented on pages 30-32)	<u>\$ 623,992,356</u>	<u>\$</u>	<u>\$ 913,764</u>	<u>\$624,906,120</u>

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

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
STATEMENT OF PLAN NET ASSETS  
SEPTEMBER 30, 2005**

	<u>GESE Trust</u>	<u>Excess Benefit Plan</u>	<u>Staff Plan</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ 429,680	\$ 52,412	\$ 1,000	\$ 483,092
Receivables:				
Securities sold	1,428,172			1,428,172
Members' contributions	293,194			293,194
Interest and dividends	1,865,084			1,865,084
City of Miami	1,205,208			1,205,208
Other	<u>48,829</u>			<u>48,829</u>
Total receivables	<u>4,840,487</u>			<u>4,840,487</u>
Investments, at fair value:				
U.S. Government and Agency Securities	77,922,613		58,567	77,981,180
Corporate stocks	384,092,939		387,486	384,480,425
Corporate bonds	64,947,286		288,301	65,235,587
Real estate fund	36,747,961			36,747,961
Money market funds	<u>19,783,105</u>		<u>10,748</u>	<u>19,793,853</u>
Total investments	<u>583,493,904</u>		<u>745,102</u>	<u>584,239,006</u>
Capital assets, net	<u>2,718,387</u>			<u>2,718,387</u>
 Total Assets	 <u>591,482,458</u>	 <u>52,412</u>	 <u>746,102</u>	 <u>592,280,972</u>
<b>LIABILITIES</b>				
Payable for securities purchased	3,037,774			3,037,774
City of Miami		36,152		36,152
Accounts payable and accrued expenses	<u>1,003,580</u>	<u>16,260</u>		<u>1,019,840</u>
Total liabilities	<u>4,041,354</u>	<u>52,412</u>		<u>4,093,766</u>
Net assets held in trust for pension benefits (A schedule of funding progress is presented on pages 30-32)	<u>\$ 587,441,104</u>	<u>\$ _____</u>	<u>\$ 746,102</u>	<u>\$588,187,206</u>

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

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>GESE Trust</u>	<u>Excess Benefit Plan</u>	<u>Staff Plan</u>	<u>Total</u>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 22,018,443	\$ 463,126	\$ 72,380	\$ 22,553,949
Plan members	<u>8,021,488</u>	<u>                    </u>	<u>47,884</u>	<u>8,069,372</u>
Total contributions	<u>30,039,931</u>	<u>463,126</u>	<u>120,264</u>	<u>30,623,321</u>
Investment income:				
Net appreciation in fair value of investments	44,001,681		22,736	44,024,417
Interest	8,482,038		21,688	8,503,726
Dividend	6,233,551		5,871	6,239,422
Other income	<u>204,225</u>		<u>26</u>	<u>204,251</u>
Total investment income	58,921,495		50,321	58,971,816
Less investment expense	<u>2,729,501</u>		<u>2,923</u>	<u>2,732,424</u>
Net investment income	<u>56,191,994</u>		<u>47,398</u>	<u>56,239,392</u>
Reimbursement income from City of Miami	<u>2,426,165</u>	<u>30,860</u>		<u>2,457,025</u>
Total additions	<u>88,658,090</u>	<u>493,986</u>	<u>167,662</u>	<u>89,319,738</u>
<b>DEDUCTIONS</b>				
Benefits	48,077,147	463,126		48,540,273
Refunds of contributions	1,753,133			1,753,133
Administrative and other expenses	<u>2,276,558</u>	<u>30,860</u>		<u>2,307,418</u>
Total deductions	<u>52,106,838</u>	<u>493,986</u>		<u>52,600,824</u>
Change in net assets	36,551,252		167,662	36,718,914
Net assets held in trust for pension benefits, beginning of year	<u>587,441,104</u>		<u>746,102</u>	<u>588,187,206</u>
Net assets held in trust for pension benefits, end of year	<u>\$ 623,992,356</u>	<u>\$</u>	<u>\$ 913,764</u>	<u>\$ 624,906,120</u>

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



**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>GESE Trust</u>	<u>Excess Benefit Plan</u>	<u>Staff Plan</u>	<u>Total</u>
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 19,003,415	\$ 474,865	\$ 99,779	\$ 19,578,059
Plan members	<u>7,858,302</u>	<u>                    </u>	<u>42,054</u>	<u>7,900,356</u>
Total contributions	<u>26,861,717</u>	<u>474,865</u>	<u>141,833</u>	<u>27,478,415</u>
Investment income:				
Net appreciation in fair value of investments	48,510,215	<u>                    </u>	34,104	48,544,319
Interest	8,157,742	<u>                    </u>	18,453	8,176,195
Dividend	6,229,496	<u>                    </u>	5,331	6,234,827
Rental and other income	<u>151,974</u>	<u>                    </u>	<u>                    </u>	<u>151,974</u>
Total investment income	63,049,427	<u>                    </u>	57,888	63,107,315
Less investment expense	<u>2,591,529</u>	<u>                    </u>	<u>2,393</u>	<u>2,593,922</u>
Net investment income	<u>60,457,898</u>	<u>                    </u>	<u>55,495</u>	<u>60,513,393</u>
Reimbursement income from City of Miami	<u>2,310,065</u>	<u>63,323</u>	<u>                    </u>	<u>2,373,388</u>
Total additions	<u>89,629,680</u>	<u>538,188</u>	<u>197,328</u>	<u>90,365,196</u>
<b>DEDUCTIONS</b>				
Benefits	45,926,628	474,865	<u>                    </u>	46,401,493
Refunds of contributions	1,167,658	<u>                    </u>	29,401	1,197,059
Administrative and other expenses	<u>1,869,148</u>	<u>63,323</u>	<u>                    </u>	<u>1,932,471</u>
Total deductions	<u>48,963,434</u>	<u>538,188</u>	<u>29,401</u>	<u>49,531,023</u>
Change in net assets	<u>40,666,246</u>	<u>                    </u>	<u>167,927</u>	<u>40,834,173</u>
Net assets held in trust for pension benefits, beginning of year, before restatement	546,463,746	<u>                    </u>	578,175	547,041,921
Add: cumulative effect of a change in an accounting principle (see note 7)	<u>311,112</u>	<u>                    </u>	<u>                    </u>	<u>311,112</u>
Net assets held in trust for pension benefits, beginning of year, after restatement	<u>546,774,858</u>	<u>                    </u>	<u>578,175</u>	<u>547,353,033</u>
Net assets held in trust for pension benefits, end of year	<u>\$ 587,441,104</u>	<u>\$                      </u>	<u>\$ 746,102</u>	<u>\$ 588,187,206</u>

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

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
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**Note 1 - Summary of Significant Accounting Policies**

**General**

The Board of Trustees of the City of Miami General Employees' and Sanitation Employees' Retirement Trust administers three defined benefit pension plans - (1) City of Miami General Employees' and Sanitation Employees' Retirement Trust ("GESE Trust"), which is a single employer public employee retirement system, (2) City of Miami GESE Retirement Excess Benefit Plan ("Excess Benefit Plan") and (3) City of Miami General Employees' and Sanitation Employees' Retirement Trust Staff Pension Plan ("Staff Plan"). Each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the plan.

The financial statements of the City of Miami General Employees' and Sanitation Employees' Retirement Trust and Other Managed Trusts (the "Trusts") have been prepared in conformity with U.S. generally accepted accounting principles, Governmental Accounting Standards and the Trust Ordinance. The financial statements represent only the Trusts and are not intended to present the comprehensive financial position and results of operations of the City of Miami (the "City").

**Basis of Accounting**

The financial statements of the Trusts are prepared using the accrual basis of accounting. Trust member contributions are recognized in the period in which the contributions are due. City contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

**Investments**

Investments are reported at fair value based on quoted market prices and are managed by third party money managers. Purchases and sales of securities are reflected on a trade-date basis. Gain or loss on sales of securities is based on average cost for equity and debt securities. Interest and dividend income are recorded as earned on an accrual basis.

**Cash**

As required by Chapter 280.04, Florida Statutes, all deposits of the Trusts were held in institutions designated by the Treasurer of the State of Florida as "qualified public depositories" and were accordingly collateralized as required by that Statute. All deposits of the Trusts are considered fully insured for risk categorization purposes. As a result, deposits are not exposed to custodial credit risk.

**Capital Assets**

Capital assets are recorded at cost. Capital assets are defined as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Major capital improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight line method over the estimated useful life as follows:

Buildings and improvements	20 to 50 years
Improvements other than buildings	10 to 30 years
Machinery and equipment	3 to 20 years

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**Note 1 - Summary of Significant Accounting Policies (Cont'd)**

**Investment, Administrative and Other Expenses**

Investment money manager fees are funded by the Trusts. All other costs of operating the Trusts, including custodial and investment advisor fees, are funded by the City.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Risks and Uncertainties**

The Trusts provide for investment options in any combination of stocks, bonds, fixed income securities, mutual funds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect balances and the amounts reported in the statements of net assets and the statements of changes in net assets (see Note 4).

**Note 2 - Plan Description**

**City of Miami General Employees' and Sanitation Employees' Retirement Trust (GESE Trust)**

**General**

The GESE Trust is a single employer defined benefit plan to which member employees contribute 10% of their base salaries or wages. The GESE Trust was established pursuant to the City of Miami Ordinance No. 10002 and subsequently revised under City of Miami Ordinance No. 12111. The City of Miami, Florida is to contribute such amounts as are necessary on an actuarial basis to provide the GESE Trust with assets sufficient to meet the benefits to be paid to the participants. Contributions to the GESE Trust are authorized pursuant to City of Miami Code Section 40-246 (A) and (B). A more detailed description of this plan and its provisions appears in the Ordinance constituting the GESE Trust and in the summary plan description.

**Contributions**

Members contribute 10% of compensation to the Plan. Contributions from the City are designed to fund the GESE Trust's non-investment expenses and normal costs and to fund the unfunded actuarial accrued liability. The yield (interest, dividends, and net realized and unrealized gains and losses) on investments of the Trust serves to reduce or increase future contributions that would otherwise be required to provide for the defined level of benefits under the GESE Trust.

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**Note 2 - Plan Description (Cont'd)**

**GESE Trust (Cont'd)**

**Eligibility**

The GESE Trust covers all City of Miami general and sanitation employees except certain employees eligible to decline membership. Participation in the GESE Trust is a mandatory condition of employment for all regular and permanent employees other than fire fighters, police officers and those eligible to decline membership, as defined by the Ordinance.

**Retirement Age and years of service**

The minimum normal retirement age is 55. Any member in service who has 10 or more years of continuous creditable service may elect to retire upon the attainment of normal retirement age. A member who has completed a combination of at least ten years of creditable service plus attained age equaling 70 points may elect a rule of 70 service retirement.

**Benefits**

Retirement benefits are based on 3.0% of the average final compensation multiplied by years of creditable service, which is paid annually in monthly installments. Early retirement, disability, death and other benefits are also provided as defined in City of Miami Ordinance No. 12111.

**Accumulated Leave**

Members eligible to receive accumulated sick and vacation leave from the City are able to transfer the amount to an eligible retirement plan. The GESE Trust facilitates the transfer of the accumulated sick and vacation leave to any eligible retirement plan and is pursuant to City of Miami Code Section 40-266.

**Deferred Retirement Option Program (DROP)**

The DROP is available to all GESE Trust members effective May 1, 2002. The DROP is an enhancement to the GESE Trust that can provide a member with another way to save for retirement. It allows a participant to receive pension payments by depositing in the DROP program while continuing to work and receive pay and benefits as an active employee. At the end of the DROP period, when the participant is officially required to retire, the participant receives monthly pension payments based on the years of service and salary at the time that the participant enrolled in the DROP. The participant may receive the accumulated DROP account balance after withdrawing from the DROP. The DROP monies can be rolled over into a separate tax-qualified plan such as an Individual Retirement Account (IRA) or 457(b) government sponsored deferred compensation plan.

DROP pension payments for the years ended September 30, 2006 and 2005 amounted to \$6,594,417 and \$6,692,852, respectively, and is included in benefits in the statement of changes in plan net assets.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
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**Note 2 - Plan Description (Cont'd)**

**GESE Trust (Cont'd)**

**Cost of Living Adjustment (COLA)**

Effective October 1, 1998, the plan document was amended to provide for an increase in the COLA paid to retirees to 4% with a \$400 annual maximum increase, provided the retiree's first anniversary of retirement has been reached. The amendment also provided for retirees electing the return of contribution option to receive a minimum COLA benefit of twenty-seven dollars per year and a maximum COLA benefit of two hundred dollars added to the previous COLA benefit, provided the retiree's first anniversary of retirement has been reached.

**City of Miami General Employees' and Sanitation Employees' Excess Benefit Plan (Excess Benefit Plan)**

**General**

In July 2000, the City of Miami Commission, pursuant to applicable Internal Revenue Code provisions, established a qualified governmental excess benefit plan to continue to cover the difference between the allowable pension to be paid and the amount of the defined benefit so the benefits for eligible members are not diminished by changes in the Internal Revenue Code. The Board of Trustees of the GESE Trust administers the Excess Benefit Plan.

The payment of the City's contribution of excess retirement benefits for eligible members of the Trust above the limits permitted by the Internal Revenue Code is:

- a. funded from the City's General Fund,
- b. paid annually concurrently with the City's annual contribution to normal pension costs which causes the City to realize a reduction in normal pension costs in the same amount, and
- c. deposited in a separate account established specifically for the GESE Trust to receive the City's excess retirement benefit contributions. This account is separate and apart from the accounts established to receive the City's normal pension contributions for the GESE Trust.

Contributions for the years ended September 30, 2006 and 2005 amounted to \$463,126 and \$474,865, respectively.

**City of Miami General Employees' and Sanitation Employees' Retirement Staff Pension Plan (Staff Plan)**

**General**

The Staff Plan is a single employer defined benefit plan to which member employees of the plan contribute 10% of their base salaries or wages. The Staff Plan was established by the rule making authority of the GESE Trust, pursuant to Chapter 40 of the Miami City Code. The City is to contribute such amounts as are necessary on an actuarial basis to provide the Staff Plan with assets sufficient to meet the benefits to be paid to the participants. A more detailed description of these plans and their provisions appears in the summary plan description.

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**Note 2 - Plan Description (Cont'd)**

**Staff Plan (Cont'd)**

**Contributions**

Members contribute 10% of compensation to the plan. Contributions from the City are designed to fund the Staff Plan's non-investment expenses and normal costs and to fund the unfunded actuarial accrued liability. The Staff Plan is funded through the reimbursement of GESE Trust administrative and other expenses. The yield (interest, dividends, and net realized and unrealized gains and losses) on investments of the Staff Plan serves to reduce or increase future contributions that would otherwise be required to provide for the defined level of benefits under the Staff Plan.

**Eligibility**

The Staff Plan covers all administrative full time employees and other positions as may be named by the Board of Trustees. Participation in the Staff Trust is a mandatory condition of employment for all full time employees as defined by the plan document.

**Retirement Age and years of service**

Any member who has 10 or more years of continuous creditable service may elect to retire, regardless of age.

**Benefits**

Retirement benefits are generally based on 3.0% of the average final compensation multiplied by years of creditable service, which is paid annually in monthly installments.

**Participation**

At October 1, 2006 and 2005 (based on updated actuarial valuations), each Trust's membership consisted of:

	<b>2006</b>			
	<u>GESE</u>	<u>Excess</u>	<u>Staff</u>	<u>Total</u>
Retirees and beneficiaries currently receiving benefits	1,923	46	0	1,969
Terminated employees entitled to benefits, but not yet receiving them	71	0	0	71
Current employees	<u>1,575</u>	<u>0</u>	<u>11</u>	<u>1,586</u>
Total members	<u>3,569</u>	<u>46</u>	<u>11</u>	<u>3,626</u>
	<b>2005</b>			
	<u>GESE</u>	<u>Excess</u>	<u>Staff</u>	<u>Total</u>
Retirees and beneficiaries currently receiving benefits	1,900	44	0	1,944
Terminated employees entitled to benefits, but not yet receiving them	62	0	0	62
Current employees	<u>1,479</u>	<u>0</u>	<u>10</u>	<u>1,489</u>
Total members	<u>3,441</u>	<u>44</u>	<u>10</u>	<u>3,495</u>

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
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**Note 3 - Contributions**

The Trusts' funding policies provide for periodic contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to maintain the actuarial soundness of the Trusts and to accumulate sufficient assets to pay benefits when due. Contributions are determined using the modified aggregate entry age normal cost method.

Prior to October 1, 1997, the amortization payments were paid in accordance with Schedule B of Attachment E of the Gates Agreement. This agreement originally provided for a series of increasing scheduled amortization payments through the year 2007. As of October 1, 1997, the Gates Agreement was amended and the payment schedule was discontinued. The unfunded actuarial accrued liability as of October 1, 1997 after the amendment was zero. Beginning October 1, 1997 for the GESE Trust and October 1, 2000 for the Excess Benefit Plan and Staff Plan, the following amortization periods apply all payments as level dollar amounts:

Benefit improvements for actives	30 years
Benefit improvements for retirees	15 years
Actuarial gain/loss	15 years
Change in assumptions	20 years

**GESE Trust**

The City is required to contribute an actuarially determined amount that, when combined with participants' contributions, will fully provide for all benefits as they become payable. The contributions were determined through an actuarial valuation performed as of October 1, 2004 and 2003, respectively. The City's actuarially determined contribution requirement and actual contribution made was \$22,018,443 and \$19,003,415 consisting of (a) \$4,311,744 and \$4,021,057 normal cost, (b) \$17,706,699 and \$14,982,358 amortization of the unfunded actuarial accrued liability and (c) \$0 interest adjustment for the years ended September 30, 2006 and 2005, respectively. The members contributed \$8,021,488 and \$7,858,302 for the years ended September 30, 2006 and 2005, respectively.

**Excess Benefit Plan**

The Excess Benefit Plan is an unfunded plan and the City is required to contribute amounts as benefits become payable. An actuarial valuation is performed as of October 1, 2005 and 2004, respectively. The City's actuarially determined contribution requirement of \$824,766 and \$818,446 consisted of (a) \$30,910 and \$31,358 normal cost, (b) \$793,856 and \$787,088 amortization of the unfunded actuarial accrued liability and (c) \$0 interest adjustment for the years ended September 30, 2006 and 2005, respectively. The City's actual contributions were \$463,126 and \$474,865 as benefits became due for the years ended September 30, 2006 and 2005, respectively.



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**Note 3 - Contributions (Cont'd)**

**Staff Plan**

The City is required to contribute an actuarially determined amount that, when combined with participants' contributions, will fully provide for all benefits as they become payable. The contributions were determined through an actuarial valuation performed as of October 1, 2004 and 2003, respectively. The City's actuarially determined contribution requirement and actual contribution made was \$72,380 and \$99,779 consisting of (a) \$31,005 and \$34,423 normal cost, (b) \$41,375 and \$65,356 amortization of the unfunded actuarial accrued liability and (c) \$0 interest adjustment for the years ended September 30, 2006 and 2005, respectively. The members contributed \$47,884 and \$42,054 for the years ended September 30, 2006 and 2005, respectively.

**Note 4 - Investments**

Fair values of investments are determined as follows: securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price; commercial paper, certificates of deposit and short-term investment pools are valued at carrying value.

**Investment Policy**

The investment policy, approved by the Board of Trustees for the GESE Trust, was effective September 10, 1999 and most recently amended on September 30, 2005. The investment policy, approved by the Board of Trustees for the Staff Plan, was effective April 27, 2001 and was most recently amended on September 24, 2004. The investment policies are reviewed by the Board of Trustees annually. Compliance with the investment policy is monitored by the investment consultant. This policy stipulates the following long-range asset allocation, measured at fair value, at the end of each quarter:

	GESE Trust			Staff Plan		
	Minimum	Target	Maximum	Minimum	Target	Maximum
Domestic large cap stocks	35%	45%	55%	40%	50%	60%
Small - mid cap stocks	0%	10%	15%			
International equity	0%	10%	15%			
Domestic fixed income	20%	29%	40%	40%	50%	60%
Real estate	0%	5%	10%			
Cash	0%	1%	15%	0%	0%	10%

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**Note 4 - Investments (Cont'd)**

**Investment Policy (Cont'd)**

The allocation of each Trust's total assets is permitted to vary within the allowable ranges. Because shifts in asset allocation occur as a result of different asset classes performing at different rates, the Board of Trustees monitors the asset allocation shifts caused by performance each quarter and is responsible for shifting assets among the classes to keep the overall allocation within allowable ranges.

Each Trust's general investment objectives are to achieve the following over rolling three year periods without undue risk:

- Rates of return that equal or exceed the Trust's actuarial interest assumption rate
- Performance results that rank in the top half of the investment consultant's universe database.

The investment policy states that individual investments in the securities of a single issue cannot exceed 5% at cost of the value of the funds available for investment for the GESE Trust, except for fixed income securities in the Staff Plan which has a maximum of 20%. For equity securities, investments in any single industry can not exceed the greater of three times the index holding or 10% of the total value of the portfolio. For fixed income securities, excluding U.S. Government or agency securities, investments in any single industry cannot exceed 25% for the GESE Trust and 20% for the Staff Plan at cost of the total value of the portfolio, excluding U.S. Government or agency securities. For the GESE Trust, average duration of the fixed income securities should be in a range of three to ten years.

Prohibited direct investments include short sales, margin purchases, investments used to leverage the portfolio, private or direct placement of letter stock, commodities contracts, unattached warrants, derivatives, issues related to the investment managers and restricted stock, private placements, and debt to Equity exchanges. The Staff Plan policy further prohibits foreign stocks, new issues, illiquid investments, Eurodollar securities, and foreign credits.

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**Note 4 - Investments (Cont'd)**

Investments for the GESE Trust and Staff Plan, as of September 30, 2006 and 2005, were as follows:

<b>2006</b>			
	<u>GESE Trust</u>	<u>Staff Plan</u>	<u>Total Fair Value</u>
U.S. Government and Agency Securities	\$ 76,619,487	\$ 213,578	\$ 76,833,065
Corporate Stocks	417,662,830	475,803	418,138,633
Corporate Bonds	<u>66,115,084</u>	<u>207,729</u>	<u>66,322,813</u>
	560,397,401	897,110	561,294,511
Real Estate Fund	44,270,329		44,270,329
Money Market Fund	<u>18,098,744</u>	<u>11,073</u>	<u>18,109,817</u>
Total Investments	<u>\$ 622,766,474</u>	<u>\$ 908,183</u>	<u>\$ 623,674,657</u>

<b>2005</b>			
	<u>GESE Trust</u>	<u>Staff Plan</u>	<u>Total Fair Value</u>
U.S. Government and Agency Securities	\$ 77,922,613	\$ 58,567	\$ 77,981,180
Corporate Stocks	384,092,939	387,486	384,480,425
Corporate Bonds	<u>64,947,286</u>	<u>288,301</u>	<u>65,235,587</u>
	526,962,838	734,354	527,697,192
Real Estate Fund	36,747,961		36,747,961
Money Market Fund	<u>19,783,105</u>	<u>10,748</u>	<u>19,793,853</u>
Total Investments	<u>\$ 583,493,904</u>	<u>\$ 745,102</u>	<u>\$ 584,239,006</u>

**Fixed Income Security Investment Risk**

The Board of Trustees has engaged outside investment professionals to manage the assets of the Trusts. Three firms, registered with the Securities Exchange Commission as investment advisors, manage the fixed income assets of the Trusts. These managers are required to invest funds in accordance with the Investment Policy Statement approved by the Board of Trustees. The Custodian is responsible for the activity and safekeeping of the investment assets. The Trusts are potentially exposed to various types of Investment risk including credit risk, custodial credit risk, concentration of credit risk and interest rate risk and foreign currency risk. **Credit risk** is the risk that a debt issuer will not fulfill its obligations. **Custodial credit risk** is defined as the risk that the Trusts may not recover cash and investments held by another party in the event of financial failure. **Concentration of credit risk** is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. **Interest rate risk** is the risk that changes in interest rates will adversely affect fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. **Foreign currency risk** is the risk that changes in exchange rates will adversely affect the fair value of an investment. The following is a detailed discussion of the investment risks by Trust.

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**Note 4 - Investments (Cont'd)**

**GESE Trust Investment Risk**

***Credit Risk***

The GESE Trust utilizes portfolio diversification in order to limit this risk as well as limiting investments to the highest rated securities as rated by nationally recognized rating agencies. The GESE Trust's Investment Policy limits credit risk by requiring fixed income securities to be rated by Moody's/S&P as a Baa/BBB or better. However, a maximum of 5% of each manager's portfolio may be invested in high yield securities rated by Moody's as a Caa/CCC or better.

At September 30, 2006, the following table displays Moody's ratings and the market value of the total fixed income portfolio invested in that rating (amounts are in thousands).

<b><u>Moody's Rating</u></b>	<b><u>Fair Value (\$000)</u></b>	<b><u>Percent</u></b>
Government	\$ 21,073	14.7%
Aaa	65,153	45.5%
Aa	13,617	9.5%
A	25,087	17.5%
Baa	14,969	10.5%
Ba	1,538	1.1%
B	160	0.1%
Not Rated	0	0.0%
Cash	<u>1,623</u>	<u>1.1%</u>
Total	<u>\$ 143,220</u>	<u>100.0%</u>

***Custodial Risk***

The GESE Trust utilizes an independent custodial safekeeping agent for its investment activity. Custodial credit risk is limited since its investments are held in independent custodial safekeeping accounts, external investment pools and/or open end mutual funds. All cash in each money manager's portfolio is swept into a money market mutual fund on a daily basis.

***Concentration of Credit Risk***

The GESE Trust utilizes limitations on securities of a single issuer or industry to manage this risk. The GESE Trust Investment Policy requires that corporate bond issues must be diversified by industry and in number so that no investment in the securities of a single issue shall exceed 5% (at cost) of the value of the portfolio. Single industry weightings can only be held up to a maximum of 25%, except US Government and agency securities.

Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are not subject to concentration of credit risk. At September 30, 2006, the GESE Trust did not have any investments with issuers greater than 5%.

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**Note 4 - Investments (Cont'd)**

**GESE Trust Investment Risk (Cont'd)**

***Interest Rate Risk***

The GESE Trust limits the maturities of investments to control this risk. The GESE Trust Investment Policy requires that the average duration of the fixed income asset class be targeted within a range of three to ten years. In addition, each manager is expected to keep its duration at +/- one year of the benchmark duration. The GESE Trust utilizes duration to assess its risk to changes in interest rate.

At September 30, 2006, the following summarizes the fair value and duration of the securities for each investment type (amounts are in thousands):

<u>Investment Type</u>	<u>Fair Value (\$000)</u>	<u>Effective Duration</u>
Asset Backed	\$ 8,514	3.47
Corporate - Bank	10,892	3.89
Corporate - Finance	11,453	3.89
Corporate - Industrial	16,547	6.05
Corporate - Miscellaneous	6,327	6.65
Corporate - Transportation	2,017	3.62
Corporate - Comm. Utility	3,986	5.54
Corporate - Electric Utility	1,854	3.30
Corporate - Gas Utility	837	3.02
US Treasury	15,662	5.23
US Agency	5,412	5.22
Yankee - Industrial	2,253	7.29
Yankee - Utility	81	3.00
Yankee - Finance	57	3.98
Mortgages	55,705	3.60
Cash	<u>1,623</u>	<u>0.00</u>
TOTAL	<u>\$ 143,220</u>	<u>4.38</u>

***Foreign Currency Risk***

The GESE Trust Investment policy allows a maximum of 10% of each manager's portfolio to be invested in aggregate to Yankee bonds, foreign credits, Eurodollar bonds and Rule 144A securities. At September 30, 2006, the GESE Trust did not have any foreign denominated fixed income investments.

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**Note 4 - Investments (Cont'd)**

**Staff Plan Investment Risk**

***Credit Risk***

The Staff Plan utilizes portfolio diversification in order to limit this risk as well as limiting investments to the highest rated securities as rated by nationally recognized rating agencies. The Staff Plan Investment Policy limits credit risk by requiring all fixed income securities to be rated by Moody's as a Baa/BBB or better.

At September 30, 2006, the following table displays Moody's ratings and the market value of the total fixed income portfolio invested in that rating (amounts are in thousands).

<u>Moody's Rating</u>	<u>Fair Value (\$000)</u>	<u>Percent</u>
Government	\$ 216	50.6%
Aaa	6	1.4%
Aa	61	14.3%
A	135	31.6%
Baa	8	1.9%
Cash	<u>1</u>	<u>0.2%</u>
Total	<u>\$ 427</u>	<u>100.0%</u>

***Custodial Risk***

The Staff Plan utilizes an independent custodial safekeeping agent for its investment activity. Custodial credit risk is limited since its investments are held in independent custodial safekeeping accounts, external investment pools and/or open end mutual funds. All cash in each money manager's portfolio is swept into a money market mutual fund on a daily basis.

***Concentration of Credit Risk***

The Staff Plan utilizes limitations on securities of a single issuer or industry to manage this risk. The Staff Plan Investment Policy requires that corporate bond issues must be diversified by industry and in number so that no investment in the securities of a single issue shall exceed 20% (at cost) of the value of the portfolio. Single industry weightings can only be held up to a maximum of 20%, except US Government and agency securities.

Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are not subject to concentration of credit risk. At September 30, 2006, the Staff Plan did not have any investments with issuers greater than 5%.

***Interest Rate Risk***

The Staff Plan limits the maturities of investments to control this risk. The Staff Plan Investment Policy requires that the average duration of the fixed income asset class be targeted within a range of three to ten years. In addition, the manager is expected to keep its duration at +/- one year of the benchmark duration. The Staff Plan utilizes duration to assess its risk to changes in interest rate.

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**Note 4 - Investments (Cont'd)**

**Staff Plan Investment Risk (Cont'd)**

***Interest Rate Risk (Cont'd)***

At September 30, 2006, the following summarizes the fair value and duration of the securities for each investment type (amounts are in thousands):

<u>Investment Type</u>	<u>Fair Value (\$000)</u>	<u>Effective Duration</u>
Asset Backed	\$ 8	2.55
Corporate-Bank	30	6.61
Corporate - Finance	57	3.29
Corporate - Industrial	83	4.73
Corporate - Transportation	3	4.58
Corporate - Comm. Utility	9	1.51
Corporate - Electric Utility	3	2.21
Corporate - Other	20	5.50
US Treasury	104	7.54
US Agency	102	4.13
Yankee	5	1.08
Mortgages	2	1.16
Cash	<u>1</u>	<u>0.0</u>
TOTAL	<u>\$ 427</u>	<u>5.05</u>

***Foreign Currency Risk***

The Staff Plan Investment Policy prohibits investment in foreign currency denominated securities and is therefore, not exposed to foreign currency risk.

**Note 5 - Capital Assets, Net**

Capital assets consist of the following as of September 30:

	<u>2006</u>	<u>2005</u>
Land	\$ 262,143	\$ 262,143
Buildings and improvements	1,787,792	1,697,309
Improvements other than buildings	121,173	110,613
Furniture and equipment	<u>871,819</u>	<u>710,465</u>
	3,042,927	2,780,530
Less: Accumulated depreciation	<u>(208,703)</u>	<u>(62,143)</u>
Capital assets, net	<u>\$ 2,834,224</u>	<u>\$ 2,718,387</u>

Depreciation expense for the years ended September 30, 2006 and 2005 was \$146,560 and \$62,143, respectively.



**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006 AND 2005**

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**Note 6 - Reimbursement income from the City**

The City provides the GESE Trust and the Excess Benefit Plan with funds to be used to pay certain administrative costs. Each Trust prepares an annual budget which is approved by the City Commission before expenses are incurred. Payment is made by the City to the Trusts on a reimbursement basis. The City reimburses capital asset costs at the time of purchase.

Such administrative costs for the years ended September 30, 2006 and 2005 consisted of the following:

	<b>2006</b>	<b>2005</b>
Administrative costs:		
Personnel services	868,548	756,313
Professional services	701,558	766,372
Seminar and travel	53,886	47,351
Office and administrative	151,303	109,780
Occupancy	532,123	252,655
Total administrative and other expenses	2,307,418	1,932,471
Capital asset purchases	262,396	460,650
Less: un-reimbursed depreciation and other expenses	(112,789)	(19,733)
Reimbursement income	<b>\$ 2,457,025</b>	<b>\$ 2,373,388</b>

**Note 7 – Cumulative Effect of a Change in Accounting Principle**

Net assets held in trust for pension benefits have been restated for a cumulative effect of a change in accounting principle. The City reimburses the Trusts for capital asset additions but did not determine until 2006 that the Trusts are responsible to maintain these capital assets. The capitalization of costs relating to capital assets is therefore recorded as a restatement to the GESE Trust beginning of year net assets for the year ended September 30, 2005, which is the earliest year presented as follows:

	<b>2005</b>	<b>2004</b>
Capital assets originally reported	\$ 1,966,358	\$ 2,003,212
Restatement amount	752,029	311,112
Restated balance	2,718,387	2,314,324
Administrative expenses originally reported	2,310,065	2,355,564
Restated amount	(440,917)	(311,112)
Restated balance	1,869,148	2,044,452
Change in net assets originally reported	40,225,329	29,649,802
Restated amount	440,917	311,112
Restated balance	40,666,246	29,960,914
Net assets end of year originally reported	586,689,075	546,463,746
Restated amount	440,917	311,112
Cumulative effect of change in accounting principle	311,112	
Restated balance	<b>\$ 587,441,104</b>	<b>\$ 546,774,858</b>

**SUPPLEMENTARY INFORMATION**

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION EMPLOYEES'  
RETIREMENT TRUST AND OTHER MANAGED TRUSTS**

**GESE TRUST  
SCHEDULE OF FUNDING PROGRESS**  
(in millions)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Liability (AAL) - Entry Age	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	(c) Covered Payroll	UAAL as Percentage of Covered Payroll (b)-(a)/(c)
10/1/05	\$588.5	\$746.3	\$157.8	79%	\$71.5	221%
10/1/04	\$564.6	\$709.9	\$145.3	80%	\$72.5	200%
10/1/03	\$555.5	\$682.3	\$126.8	81%	\$70.7	179%
10/1/02	\$561.3	\$617.8	\$ 56.5	91%	\$70.4	80%
10/1/01	\$597.1	\$579.4	\$ (17.7)	103%	\$66.7	(27)%
10/1/00	\$594.9	\$577.8	\$ (17.1)	103%	\$63.8	(27)%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended September 30,	Annual Required Contributions	Percentage Contributed
2006	\$ 22,018,443	100%
2005	\$ 19,003,415	100%
2004	\$ 10,669,846	100%
2003	\$ 3,602,457	100%
2002	\$ 2,090,701	100%
2001	\$ 8,458,434	100%

The information presented in the required supplementary schedules above was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date to determine ARC	October 1, 2004
Actuarial cost method	Modified entry age normal
Amortization method	Level dollar amounts, closed
Remaining amortization period	13-19 years
Asset valuation method	Moving market value average over 3 years
Actuarial assumptions:	
Investment rate of return	8.1%
Projected salary increases	5.00%
Includes inflation at	3.5%
Cost of living adjustments	4% per year, with \$54 per year minimum and \$400 per year maximum

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION EMPLOYEES'  
RETIREMENT TRUST AND OTHER MANAGED TRUSTS**

**EXCESS BENEFIT PLAN  
SCHEDULE OF FUNDING PROGRESS**  
(in millions)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Liability (AAL) - Entry Age	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	(c) Covered Payroll	UAAL as Percentage of Covered Payroll (b)-(a)/(c)
10/1/05	\$-0-	\$8.4	\$8.4	0%	\$71.5	12%
10/1/04	\$-0-	\$8.4	\$8.4	0%	\$72.5	12%
10/1/03	\$-0-	\$9.9	\$9.9	0%	\$70.7	14%
10/1/02	\$-0-	\$8.6	\$8.6	0%	\$70.4	12%
10/1/01	\$-0-	\$9.3	\$9.3	0%	\$66.7	14%
10/1/00	\$-0-	\$9.9	\$9.9	0%	\$63.8	16%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended <u>September 30,</u>	Annual Required <u>Contributions</u>	* Percentage <u>Contributed</u>
2006	\$ 824,766	56%
2005	\$ 818,446	58%
2004	\$ 1,162,361	45%
2003	\$ 966,416	31%
2002	\$ 1,102,051	32%
2001	\$ 1,016,990	7%

The information presented in the required supplementary schedules above was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date to determine ARC	October 1, 2005
Actuarial cost method	Modified entry age normal
Amortization method	Level dollar amounts, closed
Remaining amortization period	25 years
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	8.1%
Projected salary increases	5.0%
Includes inflation at	3.5%
Cost of living adjustments	None

\* The City of Miami funds the Excess Benefit Plan as benefits come due. The plan is not subject to Florida Statutes, Chapter 112.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION EMPLOYEES'  
RETIREMENT TRUST AND OTHER MANAGED TRUSTS**

**STAFF PLAN  
SCHEDULE OF FUNDING PROGRESS**  
(in thousands)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Liability (AAL) - Entry Age	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	(c) Covered Payroll	UAAL as Percentage of Covered Payroll (b)-(a)/(c)
10/1/05	\$768.3	\$1,084.3	\$316.0	71%	\$455.2	69%
10/1/04	\$615.1	\$1,005.8	\$390.7	61%	\$487.6	80%
10/1/03	\$446.7	\$1,057.3	\$610.6	42%	\$448.5	136%
10/1/02	\$303.7	\$ 900.7	\$597.0	34%	\$411.3	145%
10/1/01	\$206.6	\$ 714.0	\$507.5	29%	\$363.2	140%
10/1/00	\$160.6	\$ 519.2	\$358.6	31%	\$279.1	128%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended September 30,	Annual Required Contributions	Percentage Contributed
2006	\$ 72,380	100%
2005	\$ 99,779	100%
2004	\$ 98,044	100%
2003	\$ 83,200	100%
2002	\$ 57,500	100%
2001	\$ 14,375	100%

The information presented in the required supplementary schedules above was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation date to determine ARC	October 1, 2004
Actuarial cost method	Modified entry age normal
Amortization method	Level dollar amounts, closed
Remaining amortization period	12 - 26 years
Asset valuation method	Moving market value average over 3 years
Actuarial assumptions:	
Investment rate of return	8.1%
Projected salary increases	6.0%
Includes inflation at	3.5%
Cost of living adjustments	None

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# **Supporting Schedules**

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
SCHEDULE OF ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>GESE Trust</u>	<u>Excess Benefits</u>	<u>Combined Total</u>
<b>Personnel Services:</b>			
Salaries & Wages	\$ 644,412	\$ 5,000	\$ 649,412
Payroll Taxes	52,005	550	52,555
Insurance	87,483	718	88,201
Retirement	72,380	-	72,380
Car Allowance	6,000	-	6,000
Total Personnel Services	<u>862,280</u>	<u>6,268</u>	<u>868,548</u>
<b>Professional Services:</b>			
Investment Custodian	247,941	-	247,941
Investment Consulting	176,359	-	176,359
Legal Counsel	100,328	-	100,328
Actuarial	70,183	22,000	92,183
Audit	71,920	-	71,920
Other	12,827	-	12,827
Total Professional Services	<u>679,558</u>	<u>22,000</u>	<u>701,558</u>
<b>Seminar and Travel</b>			
Meetings	7,361	-	7,361
Education and Travel	43,510	-	43,510
Travel and Auto	3,016	-	3,016
Total Seminar and Travel	<u>53,886</u>	<u>-</u>	<u>53,886</u>
<b>Office and Administrative</b>			
Printing	21,125	-	21,125
Advertising	6,872	-	6,872
Postage & Courier Services	11,655	100	11,755
Fidelity Insurance	86,093	-	86,093
Office Supplies	21,476	572	22,048
Publications and memberships	2,367	-	2,367
Other	1,042	-	1,042
Total Office and Administrative	<u>150,631</u>	<u>672</u>	<u>151,303</u>
<b>Occupancy</b>			
Utilities	23,236	-	23,236
Property Insurance	17,520	-	17,520
Repairs & Maintenance	167,070	800	167,870
Rental	14,377	920	15,297
Furniture and Equipment	161,440	200	161,640
Depreciation	146,560	-	146,560
Total Occupancy	<u>530,203</u>	<u>1,920</u>	<u>532,123</u>
<b>Total Administrative Expenses</b>	<b><u>\$ 2,276,558</u></b>	<b><u>\$ 30,860</u></b>	<b><u>\$ 2,307,418</u></b>



**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
SCHEDULE OF INVESTMENT AND CONSULTANT EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

<u>Investment Manager</u>	<u>Investment Style</u>	<u>Fee Amount</u>
Atlanta Capital Management Co., LLC	Equity - Large Cap Growth	\$ 540,170
Cooke & Bieler	Equity - Large Cap Value	326,771
Thompson, Siegel & Walmsley, Inc.	Equity - Large Cap Value	84,464
Atlantic Capital Management	Equity - Small Cap Growth	242,364
Cramer Rosenthal McGlynn LLC	Equity - Small Cap Value	265,242
Trusco Capital Management	Equity - Value	76,597
State Street Global Advisors	Equity - S&P 500 Index	18,763
Invesco Capital Management	Equity - International	172,657
Axiom International Investors LLC	Equity - International	258,021
Equity Managers		<u>1,985,049</u>
Seix Investment Advisors	Fixed Income - Aggregate	82,398
Richmond Capital Management	Fixed Income - Aggregate	185,023
Loomis Sayles & Company, LP	Fixed Income - Intermediate	108,343
Fixed Income Managers		<u>375,764</u>
BlackRock Realty	Real Estate	222,875
EII Realty Securities, Inc.	Real Estate Investment Trust	145,813
Real Estate Managers		<u>368,689</u>
<b>Total GESE Trust</b>		<b><u>2,729,501</u></b>
Atlanta Capital Management Co., LLC	Equity - Large Cap Growth	1,864
Richmond Capital Management	Fixed Income - Aggregate	1,059
<b>Total Staff Trust</b>		<b><u>2,923</u></b>
<b>Total Investment Expenses</b>		<b><u>\$ 2,732,424</u></b>
<b>Payments to Consultants <sup>1</sup>:</b>		
	<b><u>Nature of Service</u></b>	
Buck Consultants	Actuarial Services	\$ 70,183
Sharpton, Brunson & Company	Audit Services	71,000
Ronald A. Silver	Legal Counsel	100,328
<b>Total GESE Trust</b>		<b><u>241,511</u></b>
Buck Consultants	Actuarial Services	22,000
	Excess Benefit Plan	
<b>Total Consultant Expenses <sup>2</sup></b>		<b><u>\$ 263,511</u></b>

<sup>1</sup> Information on fees paid to investment professionals is included on the schedule of investment fees located in the investment section.

<sup>2</sup> Consultant expenses are included in the administrative and other expenses on page 14.

# **Investment Section**

# ***Southeastern Advisory Services, Inc.***

REGISTERED INVESTMENT ADVISOR

March 23, 2007

To: Board of Trustees  
City of Miami General Employees' and Sanitation Employees' Retirement Trust

Re: Investment Consultant

Dear Trustees:

Southeastern Advisory Services, Inc has been retained by the Board to provide investment consulting services to the City of Miami General Employees' & Sanitation Employees' Retirement Trust. Our duties include providing quarterly performance evaluation reports, asset allocation reviews, investment policy reviews, and conducting manager searches as needed. We also provide the Board with investment research and education.

One of our primary duties is to provide investment performance reports to the Board. We meet with the Board quarterly to deliver these reports and answer any questions. The reports include total fund performance as well as sector performance and individual manager performance. Data is provided on a gross of fee basis. Performance statistics are calculated in compliance with the Global Investment Performance (formerly AIMR) standards. The reports include comparisons to benchmarks (indices) as well as to a peer universe.

The long term objectives of the total fund are to earn a real rate of return in excess of the actuarial interest assumption of 8.1%, to outperform an unmanaged index and to rank in the top half of a peer universe. For the twelve-month period ending September 30, 2006, the fund earned an annual return of 9.8% net of fees (10.4% gross of fees) exceeding the actuarial rate objective. The fund ranked at the 21st percentile and outperformed the unmanaged index which returned 9.8%.

The broad equity market (as measured by the S&P 500) was up 10.8% for the fiscal year, while fixed income (Lehman Aggregate) was up 3.7%. Historical performance remains very competitive, posting an annualized 9.4% return since July 1987.

Southeastern believes the Fund is well positioned to meet the current and future needs of the Trust.

Sincerely,



Hilda A. Thompson  
Senior Consultant

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
INVESTMENT POLICIES  
SEPTEMBER 30, 2006**

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**Investment Overview**

The GESE Trust and the Staff Plan each have an investment policy approved by the Board of Trustees. The investment policy objectives of the Trusts are designed to be pursued on a long-term basis. The investment policy statements set forth the policies and objectives that the Board judges to be appropriate and prudent in consideration of the needs of the participants. The policies establish the criteria that the registered investment advisers retained by the Board of Trustees are expected to meet and against which they are to be measured. The Policies serve as a review document to guide the Board's ongoing supervision of the investment of the Trusts' assets. The goals are intended to provide a means for controlling the overall risk of the portfolio without unduly constraining the discretionary decision-making process of the investment managers. The Board formally reviews the policy statement on an annual basis. The investment performance objectives may be revised if significant changes occur within the economic and/or capital market environment.

The asset allocation guidelines are presented on page 41, along with the actual allocations for the last three years. The asset allocations are monitored closely by the Board, so as to comply with the established policy guidelines. Rebalancing is performed as needed and upon advisement from our investment consultant. For the GESE Trust, an asset liability study is required to be conducted at least every five years. For the Staff Plan, the asset allocation policy is required to be reviewed every three to five years.

**Investment Manager Performance**

The investment performance objectives of the overall portfolio are to achieve a rate of return that equals or exceeds the Trusts' actuarial interest rate assumption and achieve performance results which will rank in the top half of a peer universe within a time horizon of rolling three year periods without taking undue risk. The performance objectives are to be used as a basis for reviewing and monitoring managers, not as an absolute measure that requires manager termination if they are not achieved.

The Board has established written guidelines and objectives against which the investment performance of any money manager retained by the Board is measured. If a money manager fails to meet its contractual agreement with the Board, the money manager may be terminated. The performance objective of the investment portfolio for the Trusts is 90 percent of the median performance of comparable portfolios. The criteria is measured based on the returns during the most recent three year period in the appropriate peer universe. If a manager falls below the criteria, they are placed on a watch list and then on probation. If a manager remains on probation for one year, the manager is subject to termination.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
INVESTMENT POLICIES  
SEPTEMBER 30, 2006**

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**Governance/Monitoring:**

The Board has established governance standards to manage the Trusts effectively and efficiently. Trust oversight is performed by the Board establishing and periodically reviewing the Trusts' policies. The Board appoints and monitors the investment managers, who implement investment policy. The investment program is managed by several designated managers. The investment managers are given full discretion to manage the assets under their supervision subject to the Investment Policy. There is a continual review of the investments under management. The Board meets with the investment consultant quarterly to review the performance of the Trust and each manager. The Board meets with each investment manager at least annually to review Trust investments and current environment and future outlook. Proxies are voted by the manager in compliance with the Board's general guidelines based on the best economic interest of the Trust.

Trust operations consist of the Trusts' staff administering and maintaining internal control procedures, monitoring investment and custody of assets, providing analysis and information for decision-making, and reporting to the Board. The Trusts are governed by a set of written internal controls and operational procedures. The Pension Administrator is responsible for establishing and maintaining the internal control structure. This policy is designed to safeguard the Trusts from losses that may arise from fraud, error or misrepresentations by third parties, or imprudent actions by the Board or employees of the plan sponsor.

**GESE Trust Investment Policy and Guidelines**

The most recent modified GESE Trust investment policy statement effective September 30, 2005 is outlined as follows:

***Equity Securities***

Equity securities are required to be diversified by industry and in number so that no investment in the securities of a single issue shall exceed five percent (at cost) of the value of the portfolios, provided that the aggregate investment of the fund in any one issuing corporation does not exceed three percent of the outstanding capital stock of that corporation. Single industry weightings can only be a maximum of three times the index holding or ten percent, whichever is greater. Equity securities possess value and quality corroborated by accepted techniques and standards of fundamental and technical analysis. Investments into commingled funds are excluded from the above maximums.

Permissible direct investments include registered common stock listed on a major U.S. exchange or traded on any major U.S. market (including foreign securities traded on U.S. exchanges), convertible preferred stock and convertible bonds, foreign stocks through the use of commingled or mutual funds, emerging market stocks within the commingled or mutual funds, Standard & Poor's Depository Receipts, American Depository Receipts, stocks with a minimum market capitalization of \$100 million (small cap managers may invest in stocks with a \$50 million market capitalization), new Issues (initial public offerings) up to five percent of the portfolio and commingled and mutual funds.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
INVESTMENT POLICIES  
SEPTEMBER 30, 2006**

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**GESE Trust Investment Policy and Guidelines (Cont'd)**  
***Equity Securities (Cont'd)***

Excluded direct investments are short sales, margin purchases (lending or borrowing of funds), investments used to leverage the portfolio, letter stock, private or direct placements, commodities contracts, unattached warrants, derivatives, issues related to the investment manager or restricted stock.

***Fixed Income Securities***

The fixed income portion of the GESE Trust is required to be invested in marketable, fixed income securities. Corporate bond issues must be diversified by industry and in number so that no investment in the securities of a single issue shall exceed five percent (at cost) of the value of the portfolio. Single industry weightings, excluding U.S. Government and agency securities, can only be a maximum of 25 percent. Fixed income investments are expected to preserve capital and provide a high level of income on a consistent basis.

Acceptable fixed income instruments are commercial paper of only the highest quality, certificate of deposit of the top 100 national banks, bankers acceptances, United States Treasuries, repurchase agreements or debt instruments issued or guaranteed by the U.S. Government or agencies, investment grade corporate debt issues including those rated Baa/BBB or better by Moody's Investor Services/Standard and Poors Corporation, asset backed securities, mortgages, commercial backed securities, collateralized mortgage obligations, futures less than 15 percent with prior board approval, options, preferred stock, municipal bonds, Yankee bonds/foreign credits, Eurodollar bonds, commingled funds and mutual funds. A limitation of 10 percent of each manager's portfolio may be invested in aggregate to Yankee bonds, foreign credits, Euro-dollar bonds and Rule 144A Securities. A limitation of five percent of each manager's portfolio may be invested in high yield securities (with ratings of CCC or better).

Fixed income instruments that are not allowable are private placements or debt to equity exchanges. Investment managers are not authorized to use derivative securities, or strategies that do not comply with basic investment objectives of this policy, which is an emphasis on the preservation of principal consistent with conservative growth of assets. Managers are specifically prohibited from using derivative or synthetic securities whose characteristics as implemented by the manager include potentially high price volatility and whose returns are speculative or leveraged (when considered together with liquid/short-term securities position) or whose marketability may be severely limited, without written authority from the Board.

The fixed income investments are required to be appropriately diversified although the investment manager may engage in "active" bond management. It is therefore anticipated that there may be turnover as shifts are made between and within sectors, quality and maturity. Average duration of the fixed income asset class will be targeted within a range of three to ten years. Each manager is expected to keep duration at +/- one year of the benchmark duration.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
INVESTMENT POLICIES  
SEPTEMBER 30, 2006**

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**GESE Trust Investment Policy and Guidelines (Cont'd)**

***Real Estate Securities***

A portion of the real estate investment may be through an open-end commingled property real estate fund. The commingled fund may have up to 30 percent of the portfolio's value leveraged. A portion may also be invested through Real Estate Investment Trusts ("REIT"). The REIT manager may invest up to 7.5 percent (at cost) in a single issue. The REIT manager may also invest up to 10 percent in private placements, with prior Board approval.

**Staff Plan Investment Policy and Guidelines**

The most recent modified Staff Plan investment policy statement effective September 24, 2004 is outlined as follows:

***Equity Securities***

Equity securities are required to be diversified by industry and in number so that no investment in the securities of a single issue exceeds five percent (at cost) of the value of the portfolios, provided that the aggregate investment of the fund in any one issuing corporation shall not exceed three percent of the outstanding capital stock of that corporation. Single industry weightings can only be a maximum of three times the index holding or 10 percent whichever is greater. Equity securities possess value and quality corroborated by accepted techniques and standards of fundamental and technical analysis.

Permissible direct investments include registered common stock listed on a major U.S. exchange or traded on any major U.S. market, including foreign securities traded on U.S. exchanges, convertible preferred stock and convertible bonds, Standard & Poor's Depository Receipts, American Depository Receipts and stocks with a minimum market capitalization of \$100 million.

Excluded direct investments are foreign stocks, short sales, margin purchases (lending or borrowing of funds), investments used to leverage the portfolio, letter stock, private or direct placements, commodities contracts, unattached warrants, derivatives, issues related to the investment manager, restricted stock, new issues (initial public offerings), or illiquid investments.

***Fixed Income Securities***

The fixed income portion of the Staff Plan is required to be invested in marketable, fixed income securities. Corporate bond issues must be diversified by industry and in number so that no investment in the securities of a single issue shall exceed 20 percent (at cost) of the value of the portfolio. Single industry weightings can only be a maximum of 20 percent, except US Government and agency securities. Fixed income investments are expected to preserve capital and provide a high level of income on a consistent basis. Duration is expected to be +/- one year of the benchmark duration.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
INVESTMENT POLICIES  
SEPTEMBER 30, 2006**

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**Staff Plan Investment Policy and Guidelines (Cont'd)**

***Fixed Income Securities (Cont'd)***

Acceptable fixed income instruments are commercial paper of only the highest quality, certificate of deposit of the top 100 national banks, bankers acceptances, United States Treasuries, repurchase agreements or debt instruments issued or guaranteed by the U.S. Government or agencies, investment grade corporate debt issues including those rated Baa/BBB or better by Moody's Investor Services/Standard and Poors Corporation, asset backed securities, mortgages, commercial backed securities, collateralized mortgage obligations, futures less than 15 percent with prior board approval, options and preferred stock. Fixed income instruments that are not allowable are private placements, Eurodollar securities, foreign credits, debt to equity exchanges, illiquid investments or derivatives.

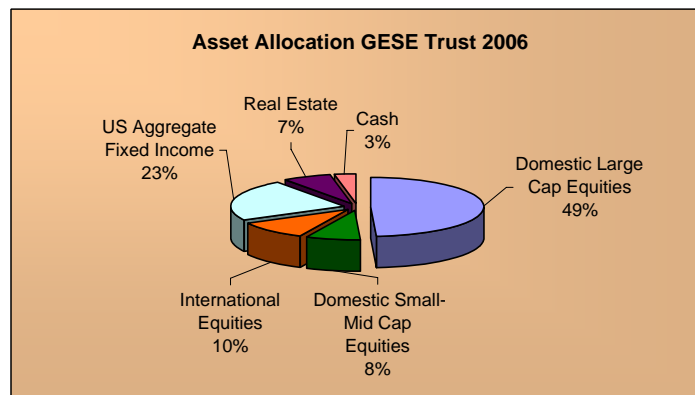


**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS**

**SUMMARY OF ASSET ALLOCATION**

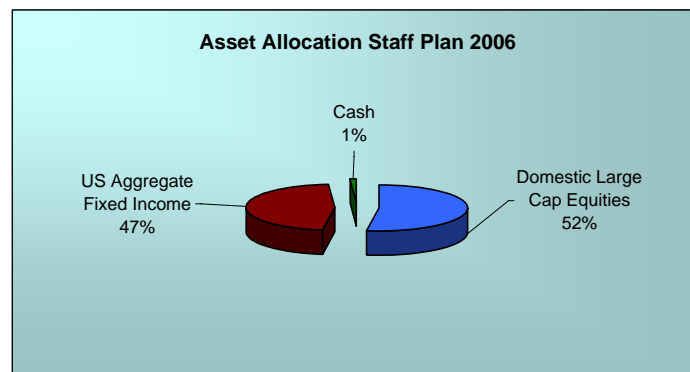
**GESE Trust Summary of Asset Allocation**

	Policy Guidelines						Actual				
	November 2001 to March 2005			March 2005 to current			September 30,				
	Min.	Target	Max.	Min.	Target	Max.	2006	2005	2004	2003	2002
Domestic Large Cap Equities	40.0%	50.0%	60.0%	35.0%	45.0%	55.0%	49.1%	49.7%	50.1%	52.7%	43.4%
Domestic Small-Mid Cap Equities	0.0%	10.0%	15.0%	0.0%	10.0%	15.0%	7.9%	8.0%	7.3%	5.8%	10.5%
International Equities	0.0%	10.0%	15.0%	0.0%	10.0%	15.0%	10.3%	9.5%	8.0%	6.4%	5.7%
US Aggregate Fixed Income	20.0%	25.0%	40.0%	20.0%	29.0%	40.0%	22.6%	24.9%	27.5%	27.4%	33.2%
Real Estate	0.0%	5.0%	10.0%	0.0%	5.0%	10.0%	7.1%	6.3%	5.8%	6.3%	6.3%
Cash	0.0%	0.0%	15.0%	0.0%	1.0%	15.0%	3.0%	1.6%	1.3%	1.4%	0.9%
							100%	100%	100%	100%	100%



**Staff Plan Summary of Asset Allocation**

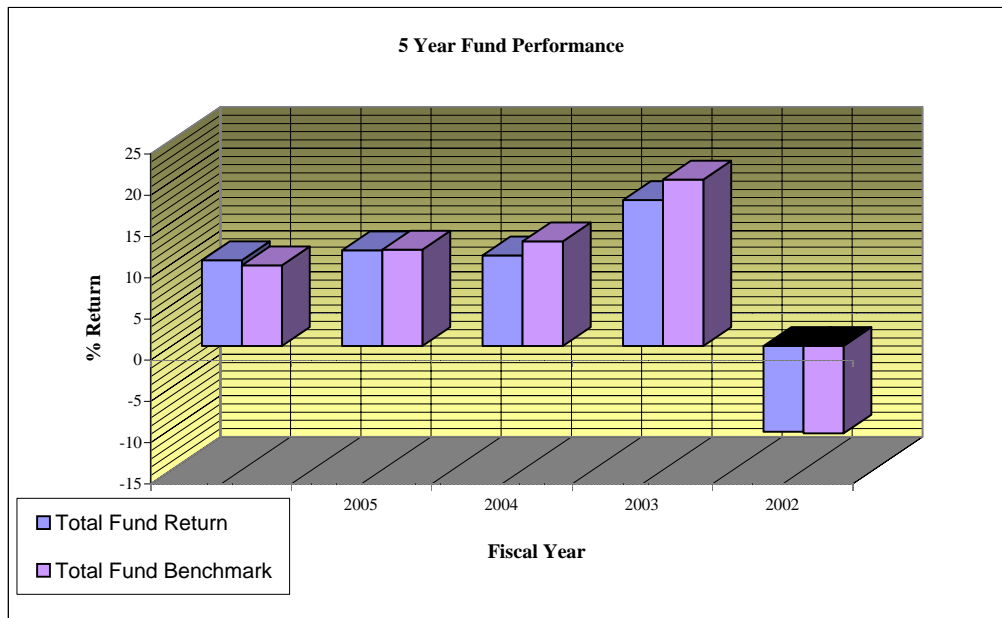
	Policy Guidelines			Actual				
	2002 to current			September 30,				
	Min.	Target	Max.	2006	2005	2004	2003	2002
Domestic Large Cap Equities	40.0%	50.0%	60.0%	52.1%	51.8%	51.5%	49.6%	45.4%
US Aggregate Fixed Income	40.0%	50.0%	60.0%	46.7%	46.8%	46.3%	48.8%	50.5%
Cash	0.0%	0.0%	10.0%	1.2%	1.4%	2.2%	1.6%	4.1%
				100%	100%	100%	100%	100%



**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS**

**GESE TRUST - SUMMARY OF INVESTMENT RETURNS**

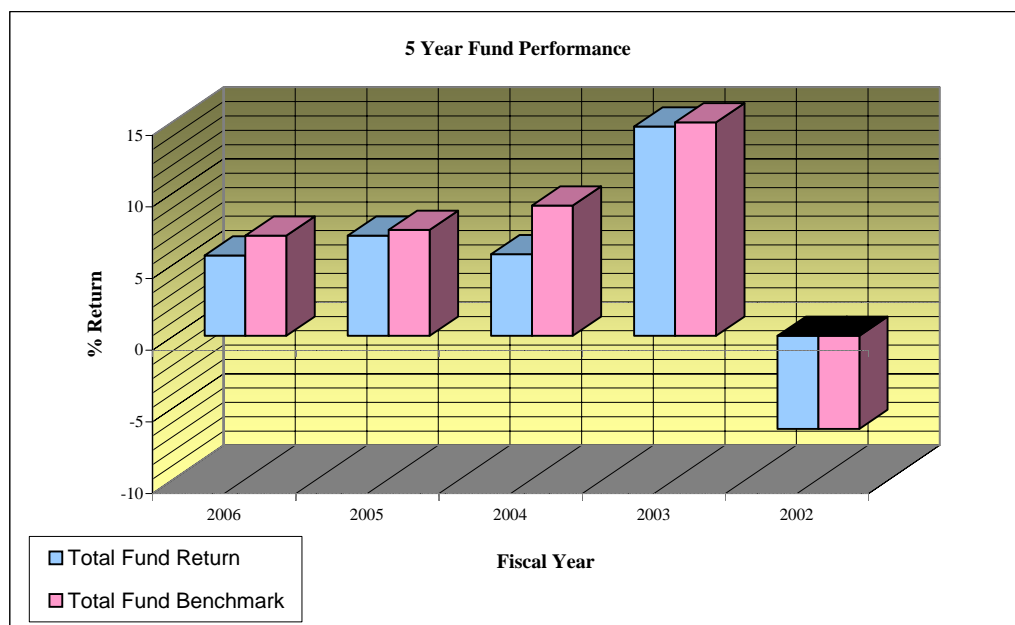
	<u>Annual Rates of Return (%)</u>					<u>Annualized Return (%)</u>	
	<u>September 30,</u>					<u>3 Years</u>	<u>5 Years</u>
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2004-2006</u>	<u>2002-2006</u>
<b>Equities</b>							
Fund Return - Domestic Equities	10.1	13.2	13.3	24.2	-19.5	12.2	7.1
Fund Return - International Equities	19.1	30.9	18.5	28.4	-12.5	22.7	15.7
S&P 500	10.8	12.2	13.9	24.4	-20.5	12.3	7.0
Dow Jones	10.5	7.2	11.0	25.1	-12.5	13.3	8.6
Russell Mid-Cap	8.0	21.3	18.5	32.6	-9.0	16.1	14.4
Russell 2000 - Small Stock	9.9	18.0	18.8	36.5	-9.3	15.5	13.8
MSCI EAFE - Non US Stocks	19.2	25.8	22.1	26.0	-15.5	22.3	14.3
<b>Fixed Income</b>							
Fund Return - Fixed Income	4.1	2.7	3.6	6.3	6.7	3.4	4.6
Lehman Brothers - Aggregate	3.7	2.8	3.7	5.4	8.6	3.4	4.8
Lehman Brothers - Mortgage Backed	4.2	2.3	4.4	3.0	7.4	3.9	4.5
Lehman Brothers - Government/Corporate	3.3	2.6	3.3	6.5	9.2	3.1	5.0
T-Bills - 90 Days	4.5	2.6	1.1	1.3	1.8	2.7	2.3
<b>Real Estate</b>							
Fund Return - Real Estate	24.3	22.8	14.5	12.2	3.9	20.5	15.3
FR NCREIF Index	17.6	19.2	12.4	7.8	6.7	16.4	12.4
NAREIT	24.0	22.6	25.6	26.5	5.2	24.1	21.5
<b>Total Fund Return</b>	<b>10.4</b>	<b>11.6</b>	<b>11.0</b>	<b>17.7</b>	<b>-10.4</b>	<b>11.0</b>	<b>7.6</b>
<b>Total Fund Benchmark</b>	<b>9.8</b>	<b>11.7</b>	<b>12.7</b>	<b>20.2</b>	<b>-10.6</b>	<b>11.4</b>	<b>8.3</b>



Note: Rate of Returns are time weighted & gross of fees. Based on rate of return in accordance with the CFA Institute's Performance Presentation Standards.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
STAFF PLAN - SUMMARY OF INVESTMENT RETURNS**

	Annual Rates of Return (%)					Annualized Return (%)	
	September 30,					3 Years	5 Years
	2006	2005	2004	2003	2002	2004-2006	2002-2006
<b>Equities</b>							
Fund Return - Domestic Equities	7.1	11.9	9.4	26.3	-21.4	9.5	5.4
S&P 500	10.8	12.2	13.9	24.4	-20.5	12.3	7.0
Russell 1000 - Growth Stock	10.5	7.2	11.0	25.9	-22.5	13.3	8.6
Dow Jones	6.1	11.6	7.5	25.1	-14.2	8.4	4.4
<b>Fixed Income</b>							
Fund Return - Fixed Income	3.9	2.7	2.6	3.4	8.8	3.0	4.2
Lehman Brothers - Aggregate	3.7	2.8	3.7	5.4	8.6	3.4	4.8
Lehman Brothers - Mortgage Backed	4.2	2.3	4.4	3.0	7.4	3.9	4.5
Lehman Brothers - Government/Corporate	3.3	2.6	3.3	6.5	9.2	3.1	5.0
<b>Cash Equivalent (Money Market Funds)</b>							
Fund Return	4.7	2.9	N/A	N/A	6.3	N/A	N/A
T-Bills - 90 Days	4.5	2.6	1.1	1.3	2.1	2.7	2.3
Total Fund Return	5.6	7.0	5.7	14.6	-6.5	6.1	5.1
<b>Total Fund Benchmark</b>	7.0	7.4	9.1	14.9	-6.5	7.8	6.3



Note: Rate of Returns are time weighted & gross of fees. Based on rate of return in accordance with the CFA Institute's Performance Presentation Standards.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS**

**GESE TRUST - LIST OF LARGEST ASSETS HELD  
SEPTEMBER 30, 2006**

**Largest Stock Holdings (By Fair Value)**

	<u>Shares</u>	<u>Stocks</u>		<u>Fair Value</u>
1)	229,000	CISCO SYS INC	\$	5,267,000
2)	139,900	GENERAL ELEC CO		4,938,470
3)	65,000	JOHNSON + JOHNSON		4,221,100
4)	63,200	PROCTER AND GAMBLE CO		3,917,136
5)	74,900	MEDTRONIC INC		3,478,356
6)	53,000	PEPSICO INC		3,458,780
7)	45,800	AMGEN INC		3,276,074
8)	106,500	MICROSOFT CORP		2,910,645
9)	34,700	EMERSON ELEC CO		2,909,942
10)	50,700	AMERICAN EXPRESS CO		2,843,256

**Largest Bond Holdings (By Fair Value)**

	<u>Par</u>	<u>Bonds</u>	<u>Coupon</u>	<u>Maturity</u>		<u>Fair Value</u>
1)	2,020,000	UNITED STATES TREAS BDS	7.25%	15 May 2016	\$	2,421,475
2)	1,933,375	FED HM LN PC POOL A47371	5.00%	01 Oct 2035		1,859,665
3)	1,900,000	UNITED STATES TREAS NTS	4.00%	15 Nov 2012		1,840,922
4)	1,420,000	UNITED STATE TREAS NTS	4.50%	15 Nov 2015		1,406,466
5)	1,390,904	FEDERAL HOME LN MTG CORP	4.38%	15 Apr 2015		1,357,161
6)	1,409,441	FED HM LN PC POOL G01887	5.00%	01 Aug 2035		1,355,706
7)	1,326,489	FNMA POOL 735493	4.50%	01 Apr 2020		1,282,445
8)	1,174,453	FNMA POOL 745506	5.66%	01 Feb 2016		1,214,044
9)	1,141,328	FNMA POOL 763798	5.50%	01 Mar 2034		1,127,596
10)	1,044,754	FNMA POOL 745505	5.42%	01 Feb 2016		1,060,801

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS**

**STAFF PLAN - LIST OF LARGEST ASSETS HELD  
SEPTEMBER 30, 2006**

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**Largest Stock Holdings (By Fair Value)**

	<u>Shares</u>	<u>Stocks</u>		<u>Fair Value</u>
1)	880	CISCO SYS INC	\$	20,240
2)	550	GENERAL ELEC CO		19,415
3)	250	JOHNSON + JOHNSON		16,235
4)	245	PROCTER AND GAMBLE CO		15,185
5)	300	MEDTRONIC INC		13,932
6)	205	PEPSICO INC		13,378
7)	170	AMGEN INC		12,160
8)	450	MOTOROLA INC		11,250
9)	410	MICROSOFT CORP		11,205
10)	200	TARGET CORP		11,050

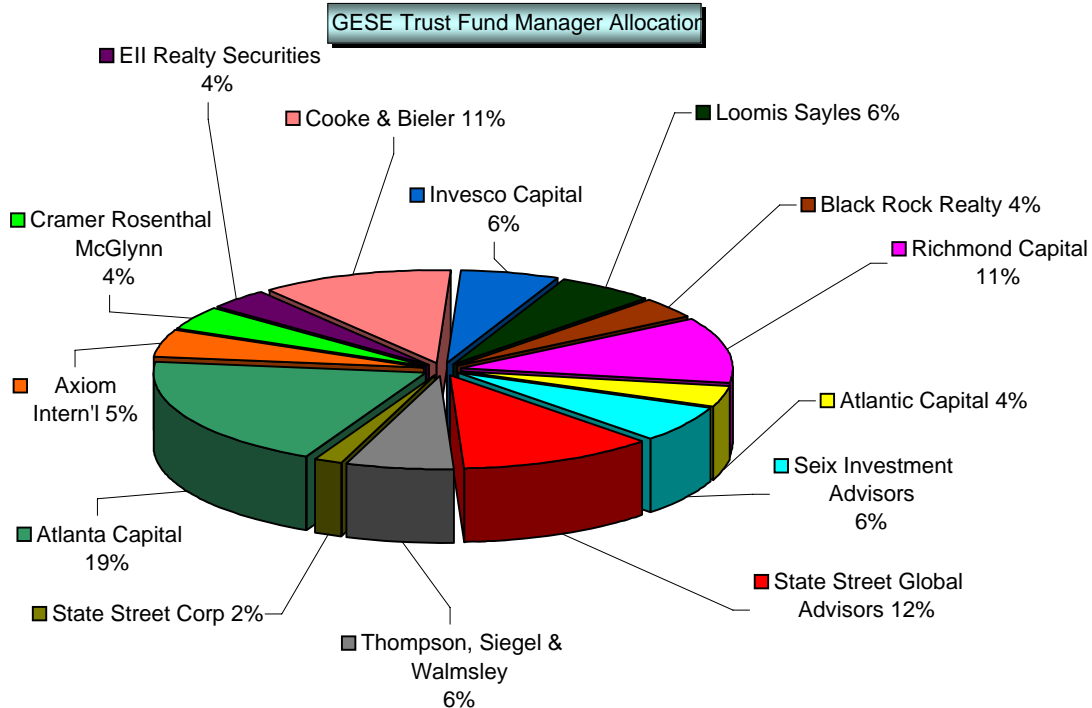
**Largest Bond Holdings (By Fair Value)**

	<u>Par</u>	<u>Bonds</u>	<u>Coupon</u>	<u>Maturity</u>		<u>Fair Value</u>
1)	\$ 39,000	FEDERAL NATL MTG ASSN	4.38%	15 Sep 2012	\$	37,909
2)	26,000	UNITED STATES TREAS BDS	7.25%	15 May 2016		31,168
3)	18,000	UNITED STATES TREAS BDS	7.88%	15 Feb 2021		23,664
4)	21,000	UNITED STATES TREAS NTS	5.75%	15 Aug 2010		21,850
5)	13,000	UNITED STATES TREAS BDS	5.38%	15 Feb 2031		14,044
6)	10,000	FEDERAL HOME LN MTG CORP	6.00%	15 Jun 2011		10,453
7)	10,000	SALOMON INC	6.50%	15 Feb 2008		10,182
8)	10,000	FEDERAL HOME LN BKS	3.63%	14 Nov 2008		9,739
9)	10,000	FEDERAL HOME LN BKS	3.88%	15 Jan 2010		9,711
10)	9,000	DEERE JOHN CAP CORP	4.50%	22 Aug 2007		8,945

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
FUND MANAGER ALLOCATION  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2006**

Investment Manager	Fair Value	Fund Allocation	Performance*		
			Fund Return	Style Benchmark	Universe Ranking
<b>GESE Trust</b>					
<b>Domestic Equity Segment</b>	<b>358,708,153</b>		<b>10.1%</b>	<b>10.8%</b>	<b>48</b>
Atlanta Capital Management	\$ 124,444,865	20.0%	7.0%	6.1%	33
Atlantic Capital Management	23,631,945	3.8%	9.2%	5.9%	33
Cooke & Bieler	71,478,443	11.5%	15.6%	14.6%	12
Cramer Rosenthal McGlynn	26,549,121	4.3%	11.1%	14.0%	36
State Street Global Advisors	72,567,912	11.7%	10.8%	10.8%	53
Thompson, Siegel & Walmsley, Inc.	40,035,869	6.4%	N/A	N/A	N/A
<b>International Equity Segment</b>	<b>64,106,391</b>		<b>19.1%</b>	<b>19.2%</b>	<b>55</b>
Axiom International Investors	28,186,835	4.5%	17.4%	19.2%	75
Invesco Capital Management	35,919,556	5.8%	20.5%	19.2%	28
<b>Real Estate Segment</b>	<b>44,335,804</b>		<b>24.3%</b>	<b>24.0%</b>	<b>26</b>
BlackRock Realty	22,174,064	3.6%	20.4%	17.6%	33
EII Realty Securities, Inc.	22,161,740	3.6%	28.4%	24.0%	19
<b>Fixed Income Segment</b>	<b>145,995,874</b>		<b>4.1%</b>	<b>3.7%</b>	<b>41</b>
Loomis Sayles & Co.	36,380,793	5.8%	4.0%	3.5%	30
Richmond Capital Management	70,570,444	11.3%	4.2%	3.7%	22
Seix Investment Advisors	39,044,637	6.3%	3.8%	3.7%	57
<b>Cash Equivalents Administrative account</b>					
State Street Corporation	9,620,252	1.5%	4.6%	4.5%	24
<b>TOTAL GESE Trust</b>	<b>\$ 622,766,474</b>	<b>100.0%</b>	<b>10.4%</b>	<b>9.8%</b>	<b>21</b>
<b>Staff Plan</b>					
Atlanta Capital Management	\$ 485,581	53.5%	7.1%	10.8%	36
Richmond Capital Management	422,602	46.5%	3.9%	3.3%	42
<b>TOTAL Staff Plan</b>	<b>\$ 908,183</b>	<b>100.0%</b>	<b>5.6%</b>	<b>7.0%</b>	<b>84</b>

\* Source: Southeastern Advisory Services, Inc. - Manager universe and style categorization  
Performance represents a one year return



**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS**

**SCHEDULE OF INVESTMENT FEES  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

<u>Investment Manager's Style</u>	<u>Assets Under Management</u>	<u>Investment Fees</u>
<b><i>GESE Trust</i></b>		
Equity Managers	\$ 417,662,830	\$ 1,985,048
Fixed Income Managers	142,734,571	375,764
Real Estate Managers	44,270,329	368,689
Money Market Funds	<u>18,098,744</u>	<u>-</u>
Total GESE Trust	<b><u>\$ 622,766,474</u></b>	<b><u>\$ 2,729,501</u></b>
<b><i>Staff Plan</i></b>		
Equity Manager	\$ 475,803	\$ 1,864
Fixed Income Manager	421,307	1,059
Money Market Funds	<u>11,073</u>	<u>-</u>
Total Staff Plan	<b><u>\$ 908,183</u></b>	<b><u>\$ 2,923</u></b>
<b>Total Investment Expenses</b>	<b><u><u>\$ 623,674,657</u></u></b>	<b><u><u>\$ 2,732,424</u></u></b>
<b><u>Other Investment Service Fees GESE Trust</u></b>		
Custodian		\$ 247,941
Investment Consultant		<u>176,359</u>
<b>Total Other Investment Service Fees <sup>1</sup></b>		<b><u><u>\$ 247,941</u></u></b>

<sup>1</sup> Other Investment Service Fees are included in the administrative and other expenses on page 31.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
SCHEDULE OF COMMISSIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

Brokerage Firm	Number of Shares Traded	Total Commission	Commissions Per Share
DONALDSON & CO INCORPORATED (1)	1,325,042	\$ 63,019.82	\$ 0.05
BROADCORTCAPITAL (THRU ML)	1,235,650	58,976.50	0.05
LEHMAN BROTHERS INC	535,130	22,970.70	0.04
STATE STREET BROKERAGE SERVICES	1,239,719	19,991.64	0.02
CITIGROUPGLOBAL MARKETS INC	448,406	15,592.65	0.03
LIQUIDNETINC	518,719	14,840.38	0.03
BEAR STEARNS & CO INC	306,662	14,610.30	0.05
EDWARDS AG SONS INC	225,310	10,538.44	0.05
MERRILL LYNCH,PIERCE,FENNER + SMITH, INC	199,903	9,027.12	0.05
RAYMOND JAMES AND ASSOCIATES INC	157,375	7,798.75	0.05
CAPITAL INSTITUTIONAL SVCS INC EQUITIES	197,025	6,774.82	0.03
UBS SECURITIES LLC	135,396	6,388.84	0.05
SANFORD CBERNSTEIN CO LLC	136,265	6,320.95	0.05
GOLDMAN SACHS & CO	134,693	6,205.72	0.05
BEAR STEARNS SECURITIES CORP	131,050	6,140.75	0.05
BANC/AMERICA SECUR.LLC MONTGOMEY DIV	96,320	5,099.55	0.05
JEFFERIES & COMPANY INC	116,636	5,035.35	0.04
CREDIT SUISSE SECURITIES (USA) LLC	121,816	4,969.21	0.04
INVESTMENT TECHNOLOGY GROUP INC.	252,270	4,428.48	0.02
MORGAN STANLEY CO INCORPORATED	101,044	4,415.41	0.04
DRESDNER KLEINWORTH WASSERSTEIN SEC LLC	107,004	4,268.86	0.04
BAIRD, ROBERT W., & COMPANY INCORPORATED	89,949	4,222.45	0.05
JONES & ASSOCIATES INC	127,927	4,073.72	0.03
PIPER JAFFRAY	87,890	3,932.50	0.04
CITATION GROUP	59,435	3,472.58	0.06
ISI GROUPINC	61,420	3,357.86	0.05
FRIEDMAN BILLINGS & RAMSEY	72,690	3,347.80	0.05
KEEFE BRUYETTE & WOODS INC	72,978	3,329.04	0.05
CIBC WORLD MARKETS CORP	72,905	3,325.05	0.05
MCDONALD AND COMPANY SECURITIES, INC.	70,017	3,208.24	0.05
WEDBUSH MORGAN SECURITIES INC	64,585	3,079.25	0.05
JOHNSON RICE & CO	58,325	2,916.25	0.05
NEEDHAM & COMPANY	55,830	2,780.50	0.05
SUNTRUST CAPITAL MARKETS, INC.	59,870	2,743.95	0.05
GREEN STREET ADVISORS	45,300	2,718.00	0.06
SCOTT & STRINGFELLOW, INC	51,925	2,644.25	0.05
BNY BROKERAGE INC	54,520	2,605.00	0.05
DAVENPORT& CO. OF VIRGINIA, INC.	49,330	2,466.50	0.05
J P MORGAN SECURITIES INC	50,786	2,431.14	0.05
DEUTSCHE BANK SECURITIES INC	47,571	2,357.09	0.05
HIBERNIA SOUTHCOAST CAPITAL INC	46,090	2,304.50	0.05
WEEDEN & CO.	73,998	2,256.40	0.03
WILLIAM BLAIR & COMPANY, L.L.C	51,180	2,230.50	0.04
ROTH CAPITAL PARTNERS LLC	44,065	2,203.25	0.05
INSTINET	99,244	2,105.13	0.02
AVONDALE PARTNERS LLC	45,395	2,027.50	0.04
CANTOR FITZGERALD & CO.	54,534	2,011.46	0.04
PIPELINE TRADING SYSTEMS LLC	53,190	1,881.05	0.04
PRUDENTIAL EQUITY GROUP	37,500	1,803.50	0.05
STIFEL NICOLAUS & CO INC	34,400	1,777.00	0.05
CRAIG - HALLUM	40,685	1,765.50	0.04
UBS FINANCIAL SERVICES INC	35,201	1,760.05	0.05
MIDWEST RESEARCH SECURITIES	32,900	1,687.00	0.05



**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
SCHEDULE OF COMMISSIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

<u>Brokerage Firm</u>	<u>Number of Shares Traded</u>	<u>Total Commission</u>	<u>Commissions Per Share</u>
ABEL NOSER CORPORATION (1)	41,225	\$ 1,647.40	\$ 0.04
S.G. COWEN & CO., LLC	34,000	1,555.00	0.05
WACHOVIA CAPITAL MARKETS, LLC	33,490	1,520.10	0.05
WESTMINSTER RESEARCH ASSOCIATION	23,800	1,428.00	0.06
RYAN BECK & CO	26,150	1,328.50	0.05
PENSION FINANCIAL SERVICES INC	132,300	1,323.00	0.01
PICKERING ENERGY PARTNERS, INC	25,737	1,286.85	0.05
BREAN MURRAY	29,720	1,273.25	0.04
WESTMINSTER RES ASOC/ BROADCORT CAPT CL	24,580	1,181.25	0.05
OPPENHEIMER & CO. INC.	22,000	1,100.00	0.05
FOX PITT KELTON INC	22,720	1,081.04	0.05
ALL OTHER COMMISSIONS (2)	474,402	19,029.93	0.04
<b>TOTAL</b>	<b>10,513,194</b>	<b>\$ 415,992.57</b>	<b>\$ 0.04</b>

(1) Commission recapture arrangements exist with these brokerage firms.

(2) Brokerage commissions paid per firm were less than \$1,000.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS**

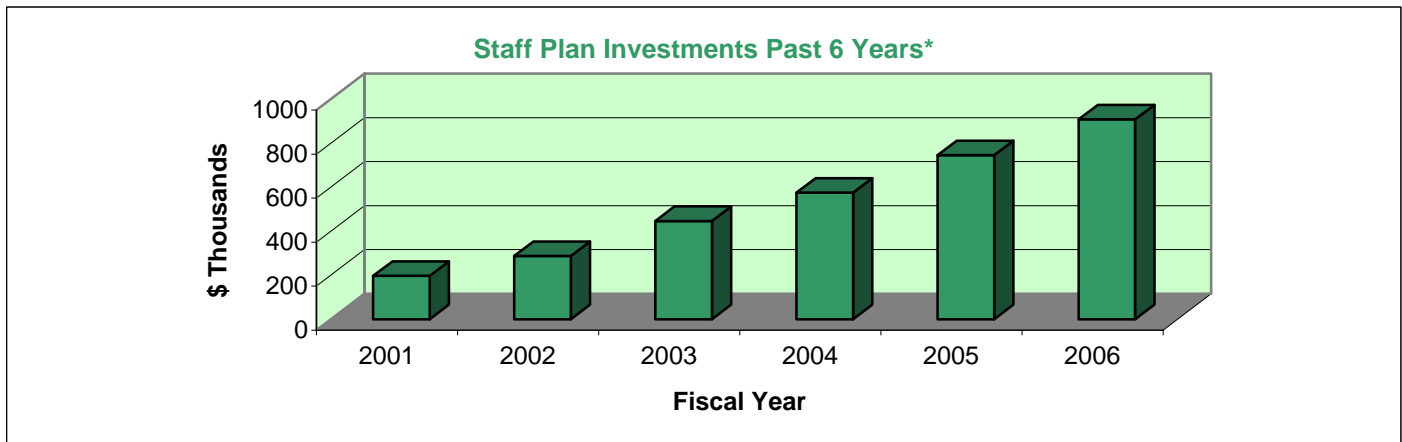
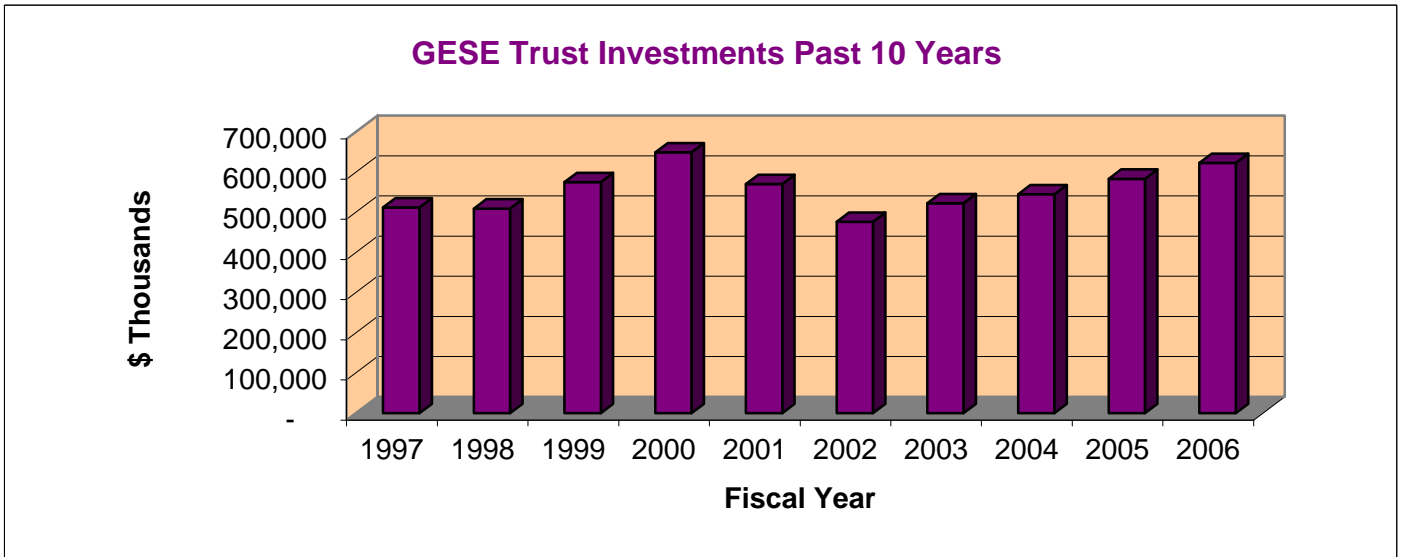
**INVESTMENT SUMMARY  
SEPTEMBER 30, 2006**

<u>Type of Investment</u>	<u>GESE Trust</u>		<u>Staff Plan</u>	
	<u>Fair Value at 9/30/06</u>	<u>Percent of Total Fair Value</u>	<u>Fair Value at 9/30/06</u>	<u>Percent of Total Fair Value</u>
<b>Fixed Income</b>				
U.S. Government Obligations	\$16,164,965	2.60%	\$102,792	11.32%
Federal Instrumentalities	60,454,522	9.71%	110,786	12.20%
Mortgage Backed Securities	5,633,772	0.90%		
Asset Backed Securities	5,825,843	0.94%		
Domestic Corporate Bonds	53,692,760	8.62%	207,729	22.87%
International Bonds (Yankees)	962,709	0.15%		
<b>Total Fixed Income</b>	<u>\$142,734,571</u>	<u>22.92%</u>	<u>\$421,307</u>	<u>46.39%</u>
<b>Common Stock</b>				
Consumer	\$72,652,268	11.67%	\$116,107	12.78%
Energy	19,827,788	3.18%	26,836	2.95%
Financial	67,566,896	10.85%	73,874	8.13%
Healthcare	41,575,058	6.68%	83,513	9.20%
Industrials	52,115,355	8.37%	69,761	7.68%
Information Technology	42,357,552	6.80%	95,094	10.47%
Materials	11,256,831	1.81%	10,619	1.17%
Telecommunications & Utilities	9,556,333	1.53%		
International	28,186,835	4.53%		
Commingled Equity Fund	72,567,912	11.65%		
<b>Total Common Stock</b>	<u>\$417,662,830</u>	<u>67.07%</u>	<u>\$475,803</u>	<u>52.39%</u>
<b>Real Estate</b>				
Real Estate Fund	\$22,174,064	3.56%		
Real Estate Investment Trust	22,096,266	3.55%		
<b>Total Real Estate</b>	<u>\$44,270,329</u>	<u>7.11%</u>		
<b>Short term Investments</b>				
Short term Investment Fund	\$18,098,744	2.91%	\$11,073	1.22%
<b>TOTAL INVESTMENTS</b>	<u>\$622,766,474</u>	<u>100.00%</u>	<u>\$908,183</u>	<u>100.00%</u>

*A detailed schedule of investments is available from the GESE Trust's administrative office at (305) 441-2300.*

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
HISTORICAL SUMMARY OF INVESTMENTS HELD AT FAIR VALUE**

<u>Fiscal Year Ended September 30,</u>	<u>GESE Trust (\$ Thousands)</u>	<u>Staff Plan * (\$ Thousands)</u>
1991	\$ 252,912	
1992	282,422	
1993	307,779	
1994	297,285	
1995	357,677	
1996	410,963	
1997	512,165	
1998	509,334	
1999	575,249	
2000	649,215	
2001	570,147	\$ 197
2002	476,293	287
2003	522,301	446
2004	544,828	575
2005	583,495	745
2006	622,766	908



\* Staff Plan was implemented during fiscal year ended September 30, 2001

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# **Actuarial Section**

March 12, 2007

Board of Trustees  
Miami General Employees' and Sanitation Employees'  
Retirement Trust  
2901 Bridgeport Avenue  
Coconut Grove, FL 33133

The funding objective of the Retirement Trust is to establish and receive contributions which will maintain the plan in sound financial condition.

Contributions which satisfy the funding objective are determined by the annual actuarial valuation in accordance with City Ordinance, the final revised judgment in the Gates v. City of Miami case, and Chapter 112 of Florida Statutes. The actuarially determined annual contribution consists of normal cost plus amortization of the unfunded actuarial accrued liability (UAAL). The objective is to establish, over time, a normal cost which will remain level as a percent of payroll. The unfunded actuarial accrued liability is amortized as a level dollar amount over 15 to 30 years. The actuarial cost method is designed to achieve this objective.

The most recent actuarial valuation was prepared as of October 1, 2005. The actuarial assumptions, as set forth in Table XI of the actuary's October 1, 2005 valuation report, were recommended by the actuary and adopted by the Board of Trustees. The actuary prepared the following schedules presented in the CAFR.

- Financial Section – Supplementary Information
  - Schedule of Funding Progress
  - Schedule of Employer Contributions
  
- Actuarial Section
  - Summary of Actuarial Assumptions and Methods
  - Schedule of Active Member Valuation Data
  - Schedule of Retirants and Beneficiaries
  - Solvency Test
  - Analysis of Financial Experience

- Statistical Section
  - Active Employee Data
  - Benefit and refund deductions from net assets by type, last ten fiscal years
  - Retired members by type of benefit
  - Average benefit payments, last ten years

The contribution made amounts and the market value of assets used to develop the actuarial value of assets were reported to the actuary by the Retirement Trust office. We believe the assumptions and methods produce results which are reasonable and meet the parameters set by Statement No. 25 of the Governmental Accounting Standards Board.

Data for the annual valuation was furnished by the Retirement Trust office and was reviewed by us for internal completeness and year-to-year consistency. Valuation assets were based on a moving market value averaged over three years.

On the basis of the 2005 valuation, it is our opinion that the Retirement Trust continues in sound financial condition. The 2005 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 and, in my opinion, the techniques and assumptions used are reasonable and meet the requirements of the City Ordinance, Florida Statutes and Gates case requirements.

Respectfully submitted,



Jose I. Fernandez  
Principal, Consulting Actuary  
Enrolled Actuary No. 05-4461  
Member, American Academy of Actuaries

JIF:sjh

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
SEPTEMBER 30, 2006**

---

**GESE Trust – Actuarial Assumptions and Methods**

**Actuarial Cost Method of Valuation:**

The modified aggregate entry age normal cost method of valuation was used in determining actuarial liabilities and normal cost. This method was effective October 1, 1997 actuarial valuation for the 1998 fiscal year. Under this method, the present value of future normal cost equals the present value of all future benefits less the present value of future employee contributions less the greater of the actuarial accrued liability or the actuarial value of assets where the total cost is not less than zero. Actuarial gains and losses reduce or increase the unfunded liability and are amortized over 15 years from the date of the gain or loss.

As of October 1, 1997, the unfunded actuarial accrued liability is zero. Beginning with the October 1, 1998 valuation, changes in actuarial assumptions are amortized as level dollar amounts over 20 years, actuarial gains and losses are amortized over 15 years, benefit improvements for retirees are amortized over 15 years, and benefit improvements for actives are amortized over 30 years.

**Mortality Table:**

The mortality table used to calculate longevity is the 1983 Group Annuity Mortality Table set back two years for men and women and set forward seven years for disabled men and women, effective October 1, 2003.

**Actuarial Assumption Rates:**

- **Investment Return Rate** - The interest rate used in making the valuation was 8.10% per annum, compounded annually, including inflation, effective October 1, 1995. The interest rate assumption is net of investment expenses. The City provides for the non-investment expenses of the GESE Trust.
- **Salary Increase Rate** - Salaries are assumed to increase at the rate of 5.00% per annum, including inflation, effective October 1, 2002. There is no assumed total active member payroll increase.
- **Inflation Rate** – The assumed inflation rate is 3.5% per annum, effective October 1, 1995
- **Cost of Living Adjustment** – The cost of living adjustment is assumed to be 4% per year ranging from \$54 to \$400 per year based on the plan provisions.

**Asset Valuation Method:**

The actuarial value of assets is based on a moving market value averaged over three years, effective October 1, 1997. Each year, the actuarial asset value is projected forward at the valuation date based on actual contributions and benefit payments at the assumed interest assumption. One third of the difference between the projected actuarial value and the market value plus prior deferrals is added to the projected actuarial value. The remaining two thirds is deferred to each of the next two years as future adjustments to the actuarial value. The result cannot be greater than 120% of market value or less than 80% of market value. As of October 1, 1997, the actuarial value is equal to the market value.



**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
SEPTEMBER 30, 2006**

---

**GESE Trust – Actuarial Assumptions and Methods (Cont'd)**

**Other Assumptions:**

- **Spouses** - 80% of active members are assumed to be married, with the husband three years older than his wife.
- **Maximum Benefit** – The valuation reflects the maximum benefit limits under Internal Revenue Code Section 415.
- **Actuarial Experience Analysis** – The most recent actuarial experience study was September 2005, which will become effective with the October 1, 2006 valuation. The assumptions to be revised as a result of this study are modified turnover rates, salary increase rates and mortality rates after retirement. The current actuarial valuation is based on the September 2003 actuarial experience study. The assumptions revised as a result of the 2003 study were modified turnover rates, employee retirement rates and mortality rates after retirement.

**Probability Table of Permanent Withdrawal from Active Status:**

Representative values of the assumed annual rates of withdrawal among members in active service are set forth in the following table, effective October 1, 2000.

Age	Completed Years of Service					
	0	1	2	3	4	5 or more
20	12.5%	11.5%	9.5%	7.5%	6.5%	5.3%
25	12.5%	11.5%	9.5%	7.5%	6.5%	4.6%
30	12.5%	11.5%	9.5%	7.5%	6.5%	4.0%
35	12.0%	11.0%	9.0%	7.2%	6.5%	3.4%
40	11.4%	10.4%	8.4%	6.6%	6.0%	2.6%
45	10.8%	9.8%	7.8%	6.0%	5.2%	2.0%
50	10.2%	9.2%	7.2%	5.4%	4.2%	1.3%
55	9.9%	8.9%	6.9%	5.1%	3.9%	1.0%

**Probability Table of Disability:**

Representative values of the assumed annual rates of disability among members in active service are set forth in the following table, effective October 1, 2000. 90% of disabilities are assumed to be ordinary (non-occupational), and 10% are service incurred. Of the service incurred disabilities, 50% are assumed to be accidental.

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.05%	30	0.08%	40	0.12%	50	0.20%
25	0.05%	35	0.10%	45	0.15%	55	0.28%

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
SEPTEMBER 30, 2006**

---

**GESE Trust – Actuarial Assumptions and Methods (Cont'd)**

**Probability Table of Retirement:**

Representative values of the assumed annual rates of retirement among members in active service are set forth in the following table, effective October 1, 2003. The rates for ages 45 through 54 are the assumed rates before the age of 55 under the rule of 70.

Age	Rate	Age	Rate	Age	Rate	Age	Rate	Age	Rate
45	10%	50	15%	55	26%	60	18%	65	16%
46	10%	51	15%	56	18%	61	18%	66	16%
47	10%	52	15%	57	18%	62	18%	67	16%
48	10%	53	15%	58	18%	63	18%	68	16%
49	10%	54	15%	59	18%	64	18%	69	16%
								70	100%

**Excess Benefit Plan - Actuarial Assumptions and Methods**

**Actuarial Cost Method of Valuation:**

The modified aggregate entry age normal cost method of valuation was used in determining actuarial liabilities and normal cost. This method was effective October 1, 2000. Under this method, the present value of future normal cost equals the present value of all future benefits less the present value of future employee contributions less the greater of the actuarial accrued liability or the actuarial value of assets where the total cost is not less than zero. Actuarial gains and losses reduce or increase the unfunded liability and are amortized over 15 years from the date of the gain or loss.

For determination of the Annual Required Contribution, the City contribution requirement the unfunded actuarial accrued liability is amortized over 30 years from October 1, 2000.

**Mortality Table:**

The mortality table used to calculate longevity is the 1983 Group Annuity Mortality Table set back two years for men and women and set forward seven years for disabled men and women, effective October 1, 2003.

**Actuarial Assumption Rates:**

- **Investment Return Rate** - The interest rate used in making the valuation was 8.10% per annum, compounded annually, including inflation, effective October 1, 2000. The interest rate assumption is net of investment expenses. The City provides for the non-investment expenses of the GESE Trust.
- **Salary Increase Rate** - Salaries are assumed to increase at the rate of 5.00% per annum, including inflation, effective October 1, 2002. There is no assumed total active member payroll increase.
- **Inflation Rate** – The assumed inflation rate is 3.5% per annum, effective October 1, 2000.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
SEPTEMBER 30, 2006**

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**Excess Benefit Plan - Actuarial Assumptions and Methods (Cont'd)**

**Spouses** - 80% of active members are assumed to be married, with the husband three years older than his wife.

**Valuation of Excess Benefits:**

Due to the pay-as-you-go nature of the excess benefit plan, there is no plan assets. The City provides for the benefit payments and expenses of the plan as required each year. The valuation of excess benefits does not reflect the maximum benefit limits under Internal Revenue Code 415. No future cost of living adjustments is assumed for the benefits payable.

**Probability Table of Permanent Withdrawal from Active Status:**

Representative values of the assumed annual rates of withdrawal among members in active service are set forth in the following table, effective October 1, 2000.

Age	Completed Years of Service					
	0	1	2	3	4	5 or more
20	12.5%	11.5%	9.5%	7.5%	6.5%	5.3%
25	12.5%	11.5%	9.5%	7.5%	6.5%	4.6%
30	12.5%	11.5%	9.5%	7.5%	6.5%	4.0%
35	12.0%	11.0%	9.0%	7.2%	6.5%	3.4%
40	11.4%	10.4%	8.4%	6.6%	6.0%	2.6%
45	10.8%	9.8%	7.8%	6.0%	5.2%	2.0%
50	10.2%	9.2%	7.2%	5.4%	4.2%	1.3%
55	9.9%	8.9%	6.9%	5.1%	3.9%	1.0%

**Probability Table of Disability:**

Representative values of the assumed annual rates of disability among members in active service are set forth in the following table, effective October 1, 2000. 90% of disabilities are assumed to be ordinary (non-occupational), and 10% are service incurred. Of the service incurred disabilities, 50% are assumed to be accidental.

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.05%	30	0.08%	40	0.12%	50	0.20%
25	0.05%	35	0.10%	45	0.15%	55	0.28%

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
SEPTEMBER 30, 2006**

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**Excess Benefit Plan - Actuarial Assumptions and Methods (Cont'd)**

**Probability Table of Retirement:**

Representative values of the assumed annual rates of retirement among members in active service are set forth in the following table, effective October 1, 2000. The rates for ages 45 through 54 are the assumed rates before the age of 55 under the rule of 70.

Age	Rate	Age	Rate	Age	Rate	Age	Rate	Age	Rate
45	10%	50	15%	55	26%	60	18%	65	16%
46	10%	51	15%	56	18%	61	18%	66	16%
47	10%	52	15%	57	18%	62	18%	67	16%
48	10%	53	15%	58	18%	63	18%	68	16%
49	10%	54	15%	59	18%	64	18%	69	16%
								70	100%

**Staff Plan - Actuarial Assumptions and Methods**

**Actuarial Cost Method of Valuation:**

The modified aggregate entry age normal cost method of valuation was used in determining actuarial liabilities and normal cost. This method was effective July 1, 2001. Under this method, the present value of future normal cost equals the present value of all future benefits less the present value of future employee contributions less the greater of the actuarial accrued liability or the actuarial value of assets where the total cost is not less than zero. Actuarial gains and losses reduce or increase the unfunded liability and are amortized over 15 years from the date of the gain or loss.

Beginning with the October 1, 2001 actuarial valuation, changes in actuarial assumptions are amortized as level dollar amounts over 20 years, actuarial gains and losses are amortized over 15 years, benefit improvements for retirees are amortized over 15 years, and benefit improvements for actives are amortized over 30 years. The Staff Plan's initial unfunded actuarial accrued liability as of October 1, 2000 is amortized over 30 years.

**Mortality Table:**

The mortality table used to calculate longevity is the 1983 Group Annuity Mortality Table set back two years for men and women and set forward seven years for disabled men and women, effective July 1, 2001.

**Actuarial Assumption Rates:**

- **Investment Return Rate** - The interest rate used in making the valuation was 8.10% per annum, compounded annually, including inflation, effective July 1, 2001. The interest rate assumption is net of investment expenses. The City provides for the non-investment expenses of the GESE Trust.
- **Salary Increase Rate** - Salaries are assumed to increase at the rate of 6.00% per annum, including inflation, effective July 1, 2001. There is no assumed total active member payroll increase.
- **Inflation Rate** - The assumed inflation rate is 3.5% per annum, effective October 1, 2000.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
SEPTEMBER 30, 2006**

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**Staff Plan - Actuarial Assumptions and Methods (Cont'd)**

**Asset Valuation Method:**

The actuarial value of assets is based on a moving market value averaged over three years, effective July 1, 2001. Each year, the actuarial asset value is projected forward at the valuation date based on actual contributions and benefit payments at the assumed interest assumption. One third of the difference between the projected actuarial value and the market value plus prior deferrals is added to the projected actuarial value. The remaining two thirds is deferred to each of the next two years as future adjustments to the actuarial value. The result cannot be greater than 120% of market value or less than 80% of market value. As of October 1, 2000, the actuarial value is equal to the estimated present value of employee payments to purchase credit for service to the effective date of the plan (July 1, 2001).

**Other Assumptions:**

- **Spouses** - 80% of active members are assumed to be married, with the husband three years older than his wife.
- **Maximum Benefit** – The valuation reflects the maximum benefit limits under Internal Revenue Code Section 415.
- **Pension Administrator**- 50% probability that the Administrator will retire upon reaching an equivalent of the rule of 70 eligibility requirement.

**Probability Table of Permanent Withdrawal from Active Status:**

Representative values of the assumed annual rates of withdrawal among members in active service are set forth in the following table, effective October 1, 2001.

Age	Completed Years of Service					
	0	1	2	3	4	5 or more
20	12.0%	10.5%	9.0%	7.2%	6.0%	5.3%
25	12.0%	10.5%	9.0%	7.2%	6.0%	4.6%
30	12.0%	10.5%	9.0%	7.2%	6.0%	4.0%
35	12.0%	10.0%	9.0%	7.2%	6.0%	3.4%
40	11.4%	9.9%	8.4%	6.6%	5.4%	2.6%
45	10.8%	9.3%	7.8%	6.0%	4.8%	2.0%
50	10.2%	8.7%	7.2%	5.4%	4.2%	1.3%
55	9.9%	8.4%	6.9%	5.1%	3.9%	1.0%

**Probability Table of Disability:**

Representative values of the assumed annual rates of disability among members in active service are set forth in the following table, effective October 1, 2001. 90% of disabilities are assumed to be ordinary (non-occupational), and 10% are service incurred. Of the service incurred disabilities, 50% are assumed to be accidental.

Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.03%	30	0.04%	40	0.07%	50	0.17%
25	0.03%	35	0.05%	45	0.10%	55	0.25%

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
SEPTEMBER 30, 2006**

---

**Staff Plan - Actuarial Assumptions and Methods (Cont'd)**

**Probability Table of Retirement:**

Representative values of the assumed annual rates of retirement among members in active service are set forth in the following table, effective October 1, 2001.

<b>Age</b>	<b>Rate</b>	<b>Age</b>	<b>Rate</b>	<b>Age</b>	<b>Rate</b>	<b>Age</b>	<b>Rate</b>	<b>Age</b>	<b>Rate</b>
45	15%	50	20%	55	30%	60	20%	65	20%
46	15%	51	20%	56	20%	61	20%	66	20%
47	15%	52	20%	57	20%	62	20%	67	20%
48	15%	53	20%	58	20%	63	20%	68	20%
49	15%	54	20%	59	20%	64	20%	69	20%
								70	100%

**Consistency With Accounting Information**

The determination of the Government Accounting Standards Board Statement No. 25 accounting information has been made on the same basis as the actuarial assumptions and methods.

**Actuarial Data**

The actuarial assumptions, as set forth in the supporting schedules, were specified by the Board of Trustees with the recommendation of the actuary.

The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries. The member data was furnished by the GESE Trust's administrative staff. Although examined for reasonableness, the data was not independently verified by the actuary.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS**

**SCHEDULE OF ACTIVE MEMBER VALUATION DATA,  
SCHEDULE OF RETIRANTS AND BENEFICIARIES, AND SOLVENCY TEST \*\***

**SCHEDULE OF ACTIVE MEMBER VALUATION DATA**

Valuation Date	GESE Trust				Staff Plan *			
	Number	Annual Payroll	Annual Average Pay	Percent Increase in Average Pay	Number	Annual Payroll	Annual Average Pay	Percent Increase in Average Pay
10/1/2000	1,597	\$63,829,824	\$39,969	2.73%	*			
10/1/2001	1,619	\$66,650,450	\$41,168	3.00%	*			
10/1/2002	1,600	\$70,393,730	\$43,996	6.87%	*			
10/1/2003	1,555	\$70,717,807	\$45,478	3.37%	10	\$448,457	\$44,846	9.04%
10/1/2004	1,525	\$72,521,132	\$47,555	4.57%	11	\$487,639	\$44,331	-1.15%
10/1/2005	1,479	\$71,485,284	\$48,334	1.64%	10	\$455,220	\$45,522	2.69%

**SCHEDULE OF RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS**

Year Ended	Added To Rolls		Removed From Rolls		Rolls - End of Year		% Increase In Annual Allowances	Average Annual Allowances
	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances		
9/30/2000	57	\$1,395,183	65	\$473,682	1,797	\$31,967,149	3.79%	\$17,789
9/30/2001	69	\$1,937,585	74	\$516,412	1,842	\$34,141,636	6.80%	\$18,535
9/30/2002	88	\$2,574,702	60	\$411,307	1,870	\$36,309,658	6.35%	\$19,417
9/30/2003	97	\$3,715,376	133	\$1,163,687	1,830	\$39,249,543	8.10%	\$21,448
9/30/2004	104	\$3,827,382	69	\$775,217	1,863	\$42,688,431	8.76%	\$22,914
9/30/2005	105	\$4,031,973	67	\$550,267	1,900	\$46,484,240	8.89%	\$24,465

**SOLVENCY TEST**

Valuation Date	Aggregate Accrued Liabilities For			Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Reported Assets		
	(1) Active Member Contributions	(2) Retirants and Beneficiaries	(3) Active Member Employer Financed Portion		(1) Active Member Contributions	(2) Retirants and Beneficiaries	(3) Active Member Employer Financed Portion
<b>GESE Trust</b>							
10/1/2000	\$65,648,573	\$331,892,335	\$180,246,682	\$594,880,439	100%	100%	100%
10/1/2001	\$69,635,735	\$332,607,681	\$177,141,746	\$597,112,330	100%	100%	100%
10/1/2002	\$72,659,066	\$352,134,918	\$201,599,441	\$561,270,090	100%	100%	68%
10/1/2003	\$70,237,023	\$412,351,284	\$199,772,078	\$555,480,276	100%	100%	36%
10/1/2004	\$70,860,296	\$440,795,238	\$198,288,551	\$564,591,815	100%	100%	27%
10/1/2005	\$69,283,264	\$489,361,544	\$187,680,026	\$588,495,706	100%	100%	16%
<b>Staff Plan *</b>							
10/1/2003	\$261,026	\$0	\$796,269	\$446,666	100%	0%	23%
10/1/2004	\$316,245	\$0	\$689,601	\$615,132	100%	0%	43%
10/1/2005	\$340,363	\$0	\$743,912	\$768,336	100%	0%	58%

\* - Information not available for Staff Plan for the October 1, 2000, 2001 & 2002 valuations.

\*\* - Schedules do not apply to Excess Benefit Plan.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
ANALYSIS OF FINANCIAL EXPERIENCE  
Gains & Losses in Accrued Liabilities  
Resulting from Differences Between Assumed Experience & Actual Experience**

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	<b>\$ Gain (or Loss) For Year Ending September 30,</b>			
	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2002</u></b>
<b>Age &amp; Service Retirements</b>	(7,324,642)	(12,144,387)	(9,445,045)	4,009,492
If members retire at older ages or with lower final average pay than assumed, there is a gain. If younger ages or higher average pay, a loss.				
<b>Disability Retirements</b>	198,500	(60,765)	(3,188,864)	(111,980)
If disability claims are less than assumed, there is a gain. If more claims, a loss.				
<b>Death-In-Service Retirements</b>	(247,434)	(378,414)	347,400	(387,305)
If survivor claims are less than assumed, there is a gain. If more claims, a loss.				
<b>Withdrawal From Employment</b>	703,505	8,858,005	2,039,981	2,932,145
If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.				
<b>New Members</b>	(745,152)	(920,335)	(2,692,385)	(1,018,115)
If there are more new members than assumed, there is a gain. If less, a loss.				
<b>Pay Increases</b>	(3,760,146)	(5,448,550)	(2,239,797)	(18,547,356)
If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.				
<b>Contribution Income</b>	18,768	292,792	(4,165)	502,152
If more contributions are received than expected, there is again. If less, a loss.				
<b>Investment Income</b>	(776,278)	(11,509,352)	(21,489,191)	(55,966,766)
If there is greater Investment income than assumed, there is a gain. If less income, a loss.				
<b>Death After Retirement</b>	(2,668,930)	(143,703)	(7,550,916)	(3,924,751)
If retirants live longer than assumed, there is a loss. If not as long, a gain				
<b>Other</b>	(3,808,215)	(1,722,521)	(7,034,549)	(8,791,585)
Miscellaneous gains and losses resulting from data adjustments, timing of financial transactions, valuation methods, etc.				
<b>Gain (or Loss) During Year From Financial Experience</b>	<b>(18,410,024)</b>	<b>(23,177,230)</b>	<b>(51,257,531)</b>	<b>(81,304,069)</b>
<b>Non-Recurring Items</b>	-	-	<b>(21,280,291)</b>	<b>8,586,760</b>
Adjustments for plan amendments, assumption changes, etc				
<b>Composite Gain (or Loss) During Year</b>	<b>(18,410,024)</b>	<b>(23,177,230)</b>	<b>(72,537,822)</b>	<b>(72,717,309)</b>



**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
SUMMARY PLAN PROVISIONS  
SEPTEMBER 30, 2006**

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**The City of Miami General Employees' and Sanitation Employees' Retirement Trust  
("GESE Trust") – Summary Plan Provisions**

**1. MEMBERSHIP:**

Participation in the GESE Trust is a mandatory condition of employment for all employees except persons eligible to decline membership. Pursuant to Section 40-249 and Section 40-250 any regular and permanent employee of the City of Miami (the "City") other than a fire fighter or police officer becomes a member upon employment unless he or she is a member of any other pension or retirement system supported wholly or in part by the City. An employee will cease to be a member if he or she is absent from service for more than three years of any five consecutive year period, withdraws his or her contributions, becomes a member of any other City-sponsored retirement plan or system, or becomes a beneficiary or dies. Membership Service is the service as an employee for which contributions to the GESE Trust are made as required.

**2. CONTRIBUTIONS:**

Members contribute ten percent of compensation to the GESE Trust. The City contributes the actuarially determined amount necessary to fund the normal cost plus the amortization of the unfunded accrued liability and non-investment expenses of the GESE Trust.

**Payback** is a member's contribution to the GESE Trust for creditable service for which other than regular contribution have been made. Contributions required for paybacks shall not be picked up by the City, but may be deducted from a member's contribution. A member may receive credit for qualified military service or medical leave. Any member who takes an unpaid leave of absence for maternity or medical purposes may apply to the Board for membership credit up to a maximum of 180 days, or 240 days if the City denies light duty employment. The payback is available for 30 days after notification to the member and must be fully completed within one year. Contributions made by a member for maternity or medical membership credit may be a single lump-sum payment or equal installment payments which may be deducted from the member's compensation.

**3. BENEFITS:**

**Key Definitions:**

**Average final compensation** is the average annual earnable compensation during the greater of the last two years or highest two years of membership service for any member than began employment after May 24, 1984. For any member who became an employee before May 24, 1984, average final compensation is the annual earnable compensation during the greater of the last one year or the highest one year of membership service. However, the highest one year of annual earnable compensation cannot exceed the second highest year of annual earnable compensation by more than 15 percent, excluding any difference due to longevity, anniversary and/or negotiated cost-of-living increases.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
SUMMARY PLAN PROVISIONS  
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**3. BENEFITS (Cont'd):**

***Key Definitions (Cont'd):***

***Earnable compensation*** is an employee's base salary including pick-up contributions, for all straight time hours worked, plus assignment pay and payments received for vacation and sick leave taken, jury duty, and death-in-family leave taken. Earnable compensation does not include overtime pay, payments for accrued sick leave, accrued vacation leave, or accrued compensatory leave; holiday pay, premium pay for holidays worked, the value of any employment benefits or non-monetary entitlement; or any other form of remuneration.

***Retirement*** is the member's withdrawal from service with a benefit granted to the member pursuant to the provisions of this Plan.

***Service*** is the active employment as an employee of the City. ***Creditable service*** is the membership credit upon which a member's eligibility to receive benefits under the retirement plan is based or upon which the amount of such benefits is determined.

***Spouse*** is the lawful husband or wife of a member or retiree at the time benefits commence, unless a new designation has been made in writing to the Board.

**(A) Service Retirement:**

The minimum normal service retirement age is 55. Any member in service who has ten or more years of creditable service may elect to retire upon the attainment of normal retirement age. The basic retirement benefit equals three percent of the member's average final compensation multiplied by years of creditable service.

**(B) Rule of 70 Retirement:**

A member in service who has ten or more years of creditable service may elect a rule of 70 retirement on the basis of his or her combined age and creditable service equaling 70 or more points.

**(C) Early Service Retirement Benefit:**

A member in service who has 20 or more years of creditable service may elect to retire early with an immediate benefit. The early retirement benefit equals the actuarial equivalent of the basic service retirement benefit that otherwise would have commenced upon the attainment of age 55.

**(D) Deferred Vested Retirement Benefit:**

A member who ceases to be an employee for reasons other than death or willful misconduct, is not entitled to an immediate benefit, has completed at least ten years of creditable service, and has left his/her accumulated contributions on deposit with the Plan, would be eligible for a deferred vested retirement benefit commencing at age 55.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
SUMMARY PLAN PROVISIONS  
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**4. OPTIONAL ALLOWANCES:**

A member may receive payment of retirement benefits under the plan in accordance with several choices, or options, set forth below.

***Option 2 Equal payment survivor annuity*** - A member may receive a reduced retirement allowance throughout his or her life with an equal sum being paid to the member's designated beneficiary at the death of the member. If this option is chosen for a surviving spouse, the reduction shall be ten percent of the member's benefit. If any person other than a surviving spouse is chosen as the beneficiary, the reduction shall be based on the actuarially equivalent sum.

***Option 3 One-half payment survivor annuity*** - A member may receive a reduced retirement allowance payable for the life of the member with one-half of the member's benefit being paid to a designated beneficiary at the death of the member. If this option is chosen for a surviving spouse, the reduction shall be two percent of the member's benefit. If any person other than a surviving spouse is chosen as the beneficiary, the reduction shall be based on the actuarially equivalent sum.

***Option 6(a) One-half payment retiree refund*** - A member may elect to withdraw the sum of his or her accumulated contributions credited as of the member's date of retirement, excluding all amounts picked up from the member's earnable compensation and credited to the COLA fund, between June 23, 1985, and September 30, 1993. Under this option, the member shall also receive a monthly service retirement allowance of one-half of the amount to which the member would have been entitled under this plan. This option has no survivorship benefit.

***Option 6(b) Life annuity*** - A member may elect to receive his or her normal monthly service retirement allowance plus an additional five percent of such service retirement allowance for the life of the member, with no survivorship benefit.

***Option 6(c) Surviving spouse annuity*** - A member may elect to receive an unreduced normal monthly service retirement allowance and direct the payment of a benefit of 40 percent of the member's monthly normal retirement allowance to be paid at the member's death to his or her spouse nominated and designated by him or her at the time of retirement, such benefit to be payable during the lifetime of such spouse.

**5. CHANGES IN BENEFICIARY AFTER RETIREMENT:**

Any member who elects Option 6(c) pursuant to Section 40-255(j), may designate a new spousal beneficiary in accordance with procedures established by the Board; provided, that an actuarial valuation will be made following such election, and the benefit for the retiree will be recalculated so that it is the actuarial equivalent of the benefit payable to the original spouse; provided, further, that the original spouse must be alive at the time of the change in designated beneficiary, and he or she must not be entitled to any survivor benefit under the retirement plan by operation of law. It is intended that the City will pay only one survivor benefit for any member of the retirement plan and will not incur an increase in benefit costs by reason of change in designated beneficiary.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
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**6. REEMPLOYMENT OF RETIREES:**

Should any retiree be reemployed by the City into a regular permanent full-time position, the benefits payable under the GESE Trust will be suspended during the period of re-employment. Upon termination of the period of re-employment with the City, benefits will be automatically restored on the first day of the month following the termination of re-employment. However, City Commission, Mayoral assistants and secretarial staff positions, as described in Civil Service Rule 1, Sec. 1.2 (a) may opt to continue collecting their pensions during their re-employment, but they may not accrue any further pension service credit.

**7. DISABILITY RETIREMENT BENEFIT:**

A disability is the permanent and total incapacity to perform useful and efficient service as an employee of the City as determined by the board pursuant to the terms of the plan.

**(A) Ordinary Disability Retirement Benefit:**

Any member in service who has ten or more years of creditable service, may be retired by the Board on an ordinary disability retirement allowance; provided, that the physician retained by the Board after a medical examination of such member, shall certify that such a member is mentally or physically totally incapacitated for the further performance of duty not as a result of an accident in the actual performance of duty and is likely to be permanent, and that such member should be retired.

Upon retirement, for an ordinary disability, a member is entitled to receive a retirement allowance equal to three percent of 90 percent of the member's average final compensation multiplied by years of creditable service, paid in monthly installments. If the retirement allowance does not exceed 30 percent of the member's average final compensation, the calculation is performed based on the number of years which would be creditable to the member were the member's service to continue until the attainment of the normal retirement age. However, this resulting retirement allowance cannot exceed 30% percent of the average final compensation. The ordinary disability is not eligible for a return of accumulated contributions, optional allowances or survivorship benefits.

**(B) Accidental or Service-Incurred Disability Retirement Benefit:**

A member in service who has become totally and permanently incapacitated for duty as a result of an accident occurring while in the performance of his/her duty would be eligible for an immediate benefit payable for his/her lifetime. Upon death, 40 percent of that benefit would continue to be paid to the surviving spouse for the lifetime of such spouse.

Upon retirement for accidental disability, a member is entitled to receive a pension which is equal to  $66 \frac{2}{3}$  percent of the member's average final compensation. This disability is not eligible for a return of accumulated contributions or optional allowances.

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**7. DISABILITY RETIREMENT BENEFIT (Cont'd):**

**(C) Service-Incurred Disability Benefit:**

Any member who becomes totally and permanently incapacitated for duty as a result of tuberculosis, hypertension, or heart disease (which was not an existing condition at the time of employment) would be eligible for an immediate benefit payable for his/her lifetime.

Upon retirement, for a service-incurred disability, a member shall be entitled to receive a retirement allowance equal to three percent of 90 percent of the member's average final compensation, multiplied by years of creditable service. If the retirement allowance does not exceed 40 percent of the member's average final compensation, the calculation is performed based on the number of years which would be creditable to the member were the member's service to continue until the attainment of the normal retirement age. However, this resulting retirement allowance cannot exceed 40 percent of the average final compensation. This disability is not eligible for a return of accumulated contributions, optional allowances or survivorship benefits.

**8. DEATH BENEFITS:**

**(A) Ordinary Death Benefit:**

Upon receipt by the Board of proper proofs of the death of a member in service who has three or more years of creditable service, there shall be paid to such person, if any, as the member shall have nominated by written designation duly executed and filed with the Board, otherwise to the member's estate, a benefit equal to a lump-sum payment of 50 percent of the earnable compensation received by the member during the year immediately preceding the member's death.

In the event a member who has become eligible for Service, Early Service, or Rule of 70 Retirement benefits dies before retirement, the member will be considered to have been retired on the date of death. In such event, the member's spouse will have the option of receiving the sum of the member's accumulated contributions together with interest to the date of payment or, if not exercising such option, the spouse will receive:

- (1) Payment of 40 percent of the member's monthly retirement allowance which would have been payable to the member if he or she had attained normal retirement age;
- (2) Payment of a retirement allowance equal to one percent of average final compensation for each year of service or fraction thereof if the member served in a certain executive position for a minimum of three years prior to May 23, 1985 and a maximum of ten years' of service.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
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**8. DEATH BENEFITS (Cont'd):**

**(B) Service-Incurred Death Benefit:**

If it can be determined that a member's death was the result of an accident in the performance of duty and not caused by willful negligence on the part of the member based on proof that the death was the natural and proximate result of an accident occurring at some definite time and place while the member was in the actual performance of duty, the member is eligible for a service-incurred death benefit. The amount paid is equal to one-half of the member's average final compensation paid in monthly installments to the member's spouse. If there is no spouse, or if the spouse dies before the youngest child of the deceased member has attained the age of 18, then the benefit is paid to the children under such age divided in equal shares until they reach 18 years of age or die. If there are no children under the age of 18, then the benefit is paid to the dependent father or dependent mother to continue for life. If there are no such beneficiaries, the amount which otherwise would have been paid as an ordinary death benefit will be paid to the member's estate.

**(C) Minimum Retiree Death Benefit:**

If a retired member dies prior to having received 12 monthly retirement payments and prior to having an optional allowance become effective, the designated beneficiary will be paid a lump sum benefit equal to the remaining 12 monthly retirement allowance payments.

**9. RETURN OF ACCUMULATED CONTRIBUTIONS:**

A member who terminates employment other than for retirement or death will be paid his/her accumulated contributions less any mandatory tax withholding upon demand, plus interest at the rate prescribed by the Board which will not be less than one percent per quarter of the contribution balance as of the end of the previous calendar year, including interest. Contributions may be rolled over directly to a qualified individual retirement account or another employer's plan.

**10. RESTORATION OF SERVICE CREDITS:**

Under certain circumstances, a former member may restore service credits earned under a prior period of service by repaying the amount of the accumulated contributions previously returned to him/her.

**11. COST-OF-LIVING ALLOWANCE BENEFIT:**

Every October 1st, each retiree will receive an annual COLA benefit increase between \$54 minimum and \$400 maximum payable monthly after the retiree's first anniversary of retirement has been reached.

For retirees exercising Option 6(a), each retiree will receive an annual COLA increase between \$27 minimum and \$200 maximum payable monthly.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
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**12. DEFERRED RETIREMENT OPTION PROGRAM (“DROP”):**

Any employee who is eligible for a service or Rule of 70 retirement is eligible to participate in the DROP. Upon election of participation, a member's creditable service, accrued benefits, and compensation calculation are frozen and the DROP payment is based on the member's average final compensation. The member's contribution and the City contribution to the retirement plan for that member ceases as no further service credit is earned. The member does not acquire additional pension credit for the purposes of the pension plan but may continue City employment for up to a maximum of 36 months. Once the maximum participation has been achieved, the participant must terminate employment.

There are two DROP programs, the Forward Drop and the BACDROP. A member can participate in both programs simultaneously. The *Forward DROP* is a DROP benefit equal to the regular retirement benefit the member would have received had the member separated from service and commenced the receipt of benefits from the plan. The *BACDROP* is a DROP benefit actuarially calculated. A member may elect to BACDROP to a date, no further back than the date of the member's retirement eligibility date. The BACDROP period must be in 12 month increments, beginning at the start of a pay period, not to exceed 36 months. The benefits for the BACDROP will then be actuarially calculated to be the equivalent to the benefit earned at the date of retirement.

An individual account is created for each participant. The Board of Trustees of the retirement plan has established, by administrative rule, a series of investment vehicles which may be chosen by the participant. Any losses incurred on account of the option selected by the participant will not be made up by the City or the GESE Trust, and will be borne by the participant only. All interest will be credited to the member's account.

Upon termination of employment, a participant may receive payment from the DROP account in a lump sum distribution; or periodic payments. A participant may elect to rollover the balance to another qualified retirement plan, individual retirement account, an Internal Revenue Code Section 457 Plan, or an annuity. A participant may defer payment until the latest date authorized by Section 401(a)(9) of the Internal Revenue Code. DROP participation will not affect any other death or disability benefit provided under law or applicable collective bargaining agreement. If a participant dies before the account balances are paid out in full, the beneficiary will receive the remaining balance.

**13. TRANSFER OF ACCUMULATED LEAVE:**

Members eligible to receive accumulated sick leave, accumulated vacation leave or any other accumulated leave payable upon separation may elect, not later than the year prior to the year of retirement, to have the leave transferred to the GESE Trust. Members who fail to elect a transfer in the year prior to retirement or other separation will receive payment in a lump sum at time of separation with all attendant tax consequences.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
SUMMARY PLAN PROVISIONS  
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**13. TRANSFER OF ACCUMULATED LEAVE (Cont'd):**

Members may elect one of the following options within 30 days of separation. Members failing to elect a distribution option within 30 days of separation will be deemed to have elected Option 1 below:

**Option 1** - Receive a lump sum equal to the transferred leave balance, or

**Option 2** - Transfer the entire amount of the transferred leave balance directly to any eligible retirement plan, or

**Option 3** - Purchase additional service credit as permitted by the Code. If the leave balance exceeds the cost of the service credit purchased, the balance shall be paid to the member in a lump sum.

If a member dies after retirement or other separation, but before any distribution is made, the election option is void. In such an event, any person who would have received a death benefit had the member died in service immediately prior to the date of retirement or other separation, will be entitled to receive an amount equal to the transferred leave balance in a lump sum. In the case of a surviving spouse or former spouse, an election may be made to transfer the leave balance to an eligible retirement plan in lieu of the lump sum payment. Failure to make such an election by the surviving spouse or former spouse within 60 days of the member's death will be deemed an election to receive a lump sum payment.

**The City of Miami General Employees' and Sanitation Employees' Retirement Excess Benefit Plan ("Excess Benefit Plan") – Summary Plan Provisions**

The original plan effective date is October 1, 2000. The plan was established to fund the excess, if any, of the benefit earned under the GESE Trust without taking into account the Internal Revenue Code (IRC) Section 415 limits over the maximum benefit as limited under IRC Section 415. Membership consists of all members of the GESE Trust. There are no member contributions. The City contributes the actuarially determined amount necessary to fund normal cost.

**The City of Miami General Employees' and Sanitation Employees' Retirement Trust Staff Pension Plan ("Staff Plan") – Summary Plan Provisions**

The original plan effective date is July 1, 2001.

**1. MEMBERSHIP**

The membership of the Staff Plan consists of full-time permanent employees of the GESE Trust and such other positions as may be named by the Board.

**2. CONTRIBUTIONS:**

Members contribute ten percent of compensation to the Plan. The City contributes the actuarially determined amount necessary to fund the normal cost plus the amortization of the unfunded accrued liability and non-investment expenses of the GESE Trust.



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**Staff Plan (Cont'd)**

**3. BENEFITS:**

**Service Retirement:**

Any member in service who has ten or more years of creditable service may elect to retire, regardless of age. The basic retirement benefit equals three percent of the member's average final compensation for each year of creditable service.

**4. OPTIONAL ALLOWANCES:**

A member may receive payment of retirement benefits under the plan in accordance with the options set forth below.

***Option 1 Equal payment to survivor annuity*** - Reduced retirement allowance throughout his or her life with an equal sum being paid to the member's designated beneficiary at the death of the member. If this option is chosen for a surviving spouse, the reduction shall be ten percent of the member's benefit. If any person other than a surviving spouse is chosen as the beneficiary, the reduction shall be based on the actuarially equivalent sum.

***Option 2 One-half payment to survivor annuity***- Reduced retirement allowance payable for the life of the member with one-half of the member's benefit being paid to a designated beneficiary at the death of the member. If this option is chosen for a surviving spouse, the reduction shall be two percent of the member's benefit. If any person other than a surviving spouse is chosen as the beneficiary, the reduction shall be based on the actuarially equivalent sum.

***Option 3 One-half payment to retiree with refund*** - Lump sum payment of member's accumulated contributions with interest plus a monthly service retirement benefit equal to 50 percent of the amount to which he/she would have been otherwise entitled.

***Option 4 Life annuity*** - Monthly service retirement benefit for member's lifetime equal to 105 percent of the amount to which he/she would have been otherwise entitled, with no survivor's benefit.

***Option 5 Surviving spouse annuity*** - Monthly service retirement benefit for member's lifetime equal to the amount to which he/she was entitled, provided that, upon his/her death, 40 percent of that amount would continue to be paid to his/her surviving spouse for the lifetime of such spouse.

**5. MINIMUM RETIREE DEATH BENEFIT**

If a retired member dies prior to having received 12 monthly retirement payments and prior to having an optional allowance become effective, the designated beneficiary will be paid a lump sum benefit equal to the remaining 12 monthly retirement allowance payments.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
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**Staff Plan (Cont'd)**

**6. RETURN OF ACCUMULATED CONTRIBUTIONS**

A member who separates from service prior to the completion of ten years of credited service will be eligible only for a return of the employee's contributions, including any sums transferred for the purchase of credited service, regardless of source, plus interest.

# **Statistical Section**

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**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
GESE TRUST - CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS**

	<b>Fiscal Year Ended</b>				
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>Additions</b>					
Employer contributions	\$22,018,443	\$19,003,415	\$10,669,846	\$3,602,457	\$2,090,701
Member contributions	8,021,488	7,858,302	7,937,387	7,605,397	7,147,651
Investment Income (net of expenses)	56,191,994	60,457,898	53,064,590	77,694,255	(56,217,617)
Reimbursement income	2,426,165	2,310,065	2,355,564	1,852,656	1,679,275
<b>Total Additions to Plan Net Assets</b>	<b>88,658,090</b>	<b>89,629,680</b>	<b>74,027,387</b>	<b>90,754,765</b>	<b>(45,299,990)</b>
<b>Deductions</b>					
Benefit payments	48,077,147	45,926,628	41,138,832	38,665,656	35,351,750
Refunds of contributions	1,753,133	1,167,658	883,189	1,147,196	1,141,551
Administrative and other expenses	2,276,558	2,310,065	2,355,564	1,852,656	1,679,275
<b>Total Deductions from Plan Net Assets</b>	<b>52,106,838</b>	<b>49,404,351</b>	<b>44,377,585</b>	<b>41,665,508</b>	<b>38,172,576</b>
<b>Change in Net Assets</b>	<b>\$36,551,252</b>	<b>\$40,225,329</b>	<b>\$29,649,802</b>	<b>\$49,089,257</b>	<b>(\$83,472,566)</b>

	<b>Fiscal Year Ended</b>				
	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>
<b>Additions</b>					
Employer contributions	\$8,458,735	\$8,216,415	\$0	\$12,617,377	\$14,755,008
Member contributions	7,163,964	6,615,913	6,334,431	5,528,810	7,123,629
Investment Income (net of expenses)	(65,595,125)	86,001,804	87,019,597	14,011,632	111,782,001
Reimbursement income	1,435,266	1,395,839	1,241,951	1,087,902	1,044,387
<b>Total Additions to Plan Net Assets</b>	<b>(48,537,160)</b>	<b>102,229,971</b>	<b>94,595,979</b>	<b>33,245,721</b>	<b>134,705,025</b>
<b>Deductions</b>					
Benefit payments	33,089,908	31,696,081	30,150,680	29,491,577	29,009,556
Refunds of contributions	1,749,515	1,432,513	1,617,699	1,372,653	1,467,060
Administrative and other expenses	1,435,266	1,395,839	1,241,951	1,087,902	1,044,387
<b>Total Deductions from Plan Net Assets</b>	<b>36,274,689</b>	<b>34,524,433</b>	<b>33,010,330</b>	<b>31,952,132</b>	<b>31,521,003</b>
<b>Change in Net Assets</b>	<b>(\$84,811,849)</b>	<b>\$67,705,538</b>	<b>\$61,585,649</b>	<b>\$1,293,589</b>	<b>\$103,184,022</b>

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
EXCESS BENEFIT PLAN - CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS**

	Fiscal Year Ended				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Additions</b>					
Employer contributions	\$463,126	\$474,865	\$517,333	\$300,235	\$351,417
Reimbursement income	<u>30,860</u>	<u>63,323</u>	<u>15,746</u>	<u>32,305</u>	<u>36,592</u>
Total Additions to Plan Net Assets	<u>493,986</u>	<u>538,188</u>	<u>533,079</u>	<u>332,540</u>	<u>388,009</u>
<b>Deductions</b>					
Benefit payments	463,126	474,865	517,333	300,235	351,417
Administrative and other expenses	<u>30,860</u>	<u>63,323</u>	<u>15,746</u>	<u>32,305</u>	<u>36,592</u>
Total Deductions from Plan Net Assets	<u>493,986</u>	<u>538,188</u>	<u>533,079</u>	<u>332,540</u>	<u>388,009</u>
Change in Net Assets	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

	Fiscal Year Ended				
	<u>2001</u>	<u>2000<sup>(1)</sup></u>	<u>1999<sup>(1)</sup></u>	<u>1998<sup>(1)</sup></u>	<u>1997<sup>(1)</sup></u>
<b>Additions</b>					
Employer contributions	\$68,351				
Reimbursement income	<u>26,083</u>				
Total Additions to Plan Net Assets	<u>94,434</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Deductions</b>					
Benefit payments	68,351				
Administrative and other expenses	<u>26,083</u>				
Total Deductions from Plan Net Assets	<u>94,434</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Assets	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<sup>(1)</sup> The Excess Benefit Plan was established in July 2000 but did not have activity until fiscal year 2001.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
STAFF PLAN - CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS**

	<b>Fiscal Year Ended</b>				
	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>	<b><u>2002</u></b>
Additions					
Employer contributions	\$72,380	\$99,779	\$98,044	\$83,234	\$57,500
Member contributions	47,884	42,054	44,488	36,627	38,382
Investment Income (net of expenses)	47,398	55,495	(1,662)	49,712	(22,367)
Total Additions to Plan Net Assets	<u>167,662</u>	<u>197,328</u>	<u>140,870</u>	<u>169,573</u>	<u>73,515</u>
Deductions					
Benefit payments					
Refunds of contributions		29,401			
Total Deductions from Plan Net Assets	<u>0</u>	<u>29,401</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Assets	<u>\$167,662</u>	<u>\$167,927</u>	<u>\$140,870</u>	<u>\$169,573</u>	<u>\$73,515</u>

	<b>Fiscal Year Ended</b>				
	<b><u>2001</u></b>	<b><u>2000<sup>(1)</sup></u></b>	<b><u>1999<sup>(1)</sup></u></b>	<b><u>1998<sup>(1)</sup></u></b>	<b><u>1997<sup>(1)</sup></u></b>
Additions					
Employer contributions	\$14,375				
Member contributions	186,190				
Investment Income (net of expenses)	(6,348)				
Reimbursement income					
Total Additions to Plan Net Assets	<u>194,217</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deductions					
Benefit payments					
Refunds of contributions					
Total Deductions from Plan Net Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Assets	<u>\$194,217</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<sup>(1)</sup> The Staff Plan was established in April, 2001.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
GESE TRUST - BENEFIT AND REFUND DEDUCTIONS FROM NET ASSETS BY TYPE  
LAST TEN FISCAL YEARS**

	Fiscal Year Ended				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Type of Benefit</b>					
Age and service benefits					
Retirees	\$43,054,435	\$41,361,845	\$36,889,797	\$34,596,190	\$34,375,806
Survivors	3,702,355	3,324,435	3,116,211	2,845,628	239,552
Death in service benefits	85,211	35,731	36,909	179,907	40,319
Disability benefits	1,235,146	1,204,617	1,095,915	1,043,931	696,073
<b>Total Benefits</b>	<u>\$48,077,147</u>	<u>\$45,926,628</u>	<u>\$41,138,832</u>	<u>\$38,665,656</u>	<u>\$35,351,750</u>
<b>Type of Refund</b>					
Death	129,125	75,988	25,505	311,927	103,901
Separation	1,624,008	1,091,670	857,684	835,269	1,037,650
<b>Total Refunds</b>	<u>1,753,133</u>	<u>1,167,658</u>	<u>883,189</u>	<u>1,147,196</u>	<u>1,141,551</u>

	Fiscal Year Ended				
	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
<b>Type of Benefit</b>					
Age and service benefits					
Retirees	\$29,980,277	\$28,675,923	\$27,346,170	\$27,037,190	\$26,750,407
Survivors	2,345,162	2,274,711	2,104,605	1,860,396	1,724,004
Death in service benefits	71,168	50,516	60,335	47,804	64,552
Disability benefits	693,301	694,931	639,570	546,187	470,593
<b>Total Benefits</b>	<u>\$33,089,908</u>	<u>\$31,696,081</u>	<u>\$30,150,680</u>	<u>\$29,491,577</u>	<u>\$29,009,556</u>
<b>Type of Refund</b>					
Death	169,434	90,528	0	0	79,059
Separation	1,580,081	1,341,985	1,617,699	1,372,653	1,388,001
<b>Total Refunds</b>	<u>\$1,749,515</u>	<u>\$1,432,513</u>	<u>\$1,617,699</u>	<u>\$1,372,653</u>	<u>\$1,467,060</u>



**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
EXCESS BENEFIT PLAN - BENEFIT AND REFUND DEDUCTIONS FROM NET ASSETS BY TYPE  
LAST TEN FISCAL YEARS**

Type of Benefit	Fiscal Year Ended				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Age and service benefits Retirees	\$463,126	\$474,865	\$517,333	\$300,235	\$351,471
Total Benefits	<u>\$463,126</u>	<u>\$474,865</u>	<u>\$517,333</u>	<u>\$300,235</u>	<u>\$351,471</u>

Type of Benefit	Fiscal Year Ended				
	<u>2001</u>	<u>2000<sup>(1)</sup></u>	<u>1999<sup>(1)</sup></u>	<u>1998<sup>(1)</sup></u>	<u>1997<sup>(1)</sup></u>
Age and service benefits Retirees	\$68,351				
Total Benefits	<u>\$68,351</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<sup>(1)</sup> The Excess Benefit Plan was established in July 2000 but did not have activity until fiscal year 2001.

Note - The Staff Plan was established in April 2001. The Plan's only activity was a refund of \$29,401 in fiscal year 2005 and therefore, a schedule has not been included.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
RETIRED MEMBERS BY TYPE OF BENEFIT\*  
SEPTEMBER 30, 2006**

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement <sup>(1)</sup>							Option Selected <sup>(2)</sup>				
		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>2</u>	<u>3</u>	<u>6a</u>	<u>6b</u>	<u>6c</u>
\$ 1 - 500	240	82	7	2	2	1	146	0	4	27	33	38	138
501 - 1,000	283	139	6	2	1	7	127	1	33	23	36	72	119
1,001 - 1,500	303	227	3	5	4	7	56	1	52	38	21	103	89
1,501 - 2,000	260	221	2	0	3	11	22	1	55	41	7	52	105
2,001 - 2,500	225	204	0	0	0	14	7	0	41	46	1	55	82
2,501 - 3,000	168	160	0	0	0	4	4	0	29	38	0	45	56
3,001 - 3,500	129	125	0	0	0	2	2	0	15	23	0	45	46
3,501 - 4,000	82	80	0	0	0	0	2	0	18	12	0	33	19
4,001 - 4,500	69	67	0	0	0	0	2	0	16	8	0	31	14
4,501 - 5,000	52	52	0	0	0	0	0	0	5	8	0	25	14
5,001 - 5,500	32	31	0	0	0	0	1	0	7	3	0	13	9
5,501 - 6,000	24	24	0	0	0	0	0	0	5	4	0	9	6
Over 6,001	56	55	0	0	0	0	0	1	7	12	1	27	9
<b>Total</b>	<b>1923</b>	<b>1467</b>	<b>18</b>	<b>9</b>	<b>10</b>	<b>46</b>	<b>369</b>	<b>4</b>	<b>287</b>	<b>283</b>	<b>99</b>	<b>548</b>	<b>706</b>

**<sup>(1)</sup> Type of Retirement**

- 1 - Normal retirement, including rule of 70
- 2 - Early retirement
- 3 - Ordinary disability retirement
- 4 - Service Incurred disability retirement
- 5 - Accidental disability retirement
- 6 - Survivor payment - normal or early retirement (continuance)
- 7 - Survivor payment - death benefit (ordinary or service incurred)

**<sup>(2)</sup> Option Selected**

- 2 - Beneficiary receives 100% of member's reduced monthly benefit
- 3 - Beneficiary receives 50% of member's reduced monthly benefit
- 6(a) - Member receives lump sum payment of accumulated contributions plus 50% of benefit
- 6(b) - Member receives 105% of monthly benefit
- 6(c) - Surviving spouse receives 40% of member's full monthly benefit

\* The above schedule is presented for the GESE Trust only. Retirement types does not apply to the Excess Benefit Plan and there are no retirees in the Staff Plan.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
AVERAGE BENEFIT PAYMENTS\*  
LAST TEN FISCAL YEARS**

Retirement Effective Dates	Type of Benefit					Excess
	GESE Trust					
	<u>Retirees</u>	<u>Disability</u>	<u>Survivors</u>	<u>Total</u>	<u>Retirees</u>	
<b>Fiscal 2006</b>						
Average monthly benefit	\$2,472	\$1,660	\$825	\$2,124	\$877	
Number of retired members	1,487	62	374	1,923	46	
<b>Fiscal 2005</b>						
Average monthly benefit	\$2,356	\$1,619	\$783	\$4,758	\$1,319	
Number of retired members	1,484	62	354	1,900	30	
<b>Fiscal 2004</b>						
Average monthly benefit	\$2,199	\$1,548	\$751	\$4,498	\$1,437	
Number of retired members	1,458	59	346	1,863	30	
<b>Fiscal 2003</b>						
Average monthly benefit	\$2,062	\$1,474	\$693	\$4,229	\$1,043	
Number of retired members	1,429	59	342	1,830	24	
<b>Fiscal 2002</b>						
Average monthly benefit	\$1,854	\$1,261	\$603	\$3,718	\$1,723	
Number of retired members	1,493	46	331	1,870	17	
<b>Fiscal 2001</b>						
Average monthly benefit	\$1,768	\$1,204	\$596	\$3,568	\$670	
Number of retired members	1,466	48	328	1,842	34	
<b>Fiscal 2000</b>						
Average monthly benefit	\$1,708	\$1,158	\$571	\$3,437	**	
Number of retired members	1,415	50	332	1,797	**	
<b>Fiscal 1999</b>						
Average monthly benefit	\$1,641	\$1,088	\$530	\$3,259	**	
Number of retired members	1,442	49	330	1,821	**	
<b>Fiscal 1998</b>						
Average monthly benefit	\$1,556	\$1,011	\$486	\$3,053	**	
Number of retired members	1,465	319	45	1,829	**	
<b>Fiscal 1997</b>						
Average monthly benefit	\$1,489	\$933		\$2,422	**	
Number of retired members	1,505	305	42	1,852	**	

\* The average benefit payment schedule does not apply to the Staff Plan as there are no retirees.

\*\* The Excess Benefit Plan was established in July 2000, but did not have activity until fiscal year 2001.