

A Pension Trust of The City of Miami  
For the Year Ended September 30, 2012

# Comprehensive Annual Financial Report

# 2012



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

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

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*A Pension Trust of the City of Miami*

**Comprehensive Annual Financial Report**  
**For the Year Ended September 30, 2012**



Prepared by the Accounting Department

Enrique Mesa, Chief Accountant  
Christopher Recicar, Treasurer

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**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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# **Introductory Section**

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
BOARD OF TRUSTEES, MANAGEMENT AND CONSULTANTS  
SEPTEMBER 30, 2012**

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**BOARD OF TRUSTEES**

**Ron Thompkins**, Vice Chair  
Appointed by City Commission

**Caridad Montero**,  
Appointed by AFSCME/Local 1907

**Calvin Ellis**  
Appointed by City Manager

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

**Anthony Hatten**  
Appointed by City Commission

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

**John Hill**  
Appointed by City Commission

**Clarence Graves**  
Appointed by AFSCME/Council 79

**Elizabeth Warwick**  
Appointed by City Commission

**MANAGEMENT**

**CONSULTANTS**

Pension Administrator  
Sandra Elenberg

Legal Counsel  
Ronald A. Silver, Esq.

Chief Accountant  
Enrique Mesa

Certified Public Accountants  
Sharpton, Brunson & Company, PA

PensionGold Special Projects Admin  
Edgard Hernandez

Investment Consultants  
Southeastern Advisory Services, Inc.

Treasurer  
Christopher Recicar

Consulting Actuary  
Cavanaugh Macdonald Consulting, LLC

Assistant to the Administrator  
Irma I. Saldaña

Custodian Bank  
State Street Bank & Trust Co.

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

March 25, 2013

The Board of Trustees  
City of Miami General Employees' and Sanitation Employees'  
Retirement Trust and 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 Managed Trusts (the "Trusts") for the fiscal year ended September 30, 2012.

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 accounting firm, Sharpton, Brunson & Co. P.A. concluded that there was a reasonable basis for rendering an unqualified opinion that the financial statements for the year ended September 30, 2012 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. Immediately following the Independent Accountants' Report is Management's Discussion and Analysis ("MD&A"). It 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.

## **BACKGROUND INFORMATION**

### **Trusts' History**

The City of Miami General Employees' and Sanitation Employees' Retirement Trust and 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, effective October 1, 2012. Benefits are based on a percent ("benefit multiplier") of the average final compensation multiplied by years of creditable service. There are two benefit tiers under the plan. Members eligible to retire on September 30, 2010 have a 3% benefit multiplier and can retire with full benefits at Rule of 70 (age plus years of service equal to at least 70) or age 55, and a minimum of 10 years of service. Other members have a graded benefit multiplier ranging from 2.25% to 3% based on years of service and can retire with full benefits at age 55 and 30 years of service, age 60 and 10 years of service, or Rule of 80.

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 submitted by the unions and selected 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.

## **INITIATIVES**

On a quarterly basis, the performance of the Trust's money managers is reviewed against the performance of their peers. Due to underperformance, the Board decided to replace two of its equity managers. In the 2<sup>nd</sup> quarter of fiscal year 2012, Barings Asset Management & Herndon Capital replaced Axiom International Investors & Thompson Siegel & Walmsley Inc. respectfully.

Every three years an actuarial Experience Study is required. The Board hired our Investment Consultant to do the study with the help of our Actuary. After a thorough review of the study, a few assumption recommendations were discussed. The Board adopted two changes to our actuarial methods. To begin with, the Board decided to change the investment rate of return from 8.1% to 8% effective October 1, 2011 and decreasing by .1% over a five year period to 7.6% as of October 1, 2015. In addition, the Board decided to change the assumed projected salary increases of members from 5.25% per year to increases ranging from 4% to 8.75% varying by the member's years of service. Also, the Board adopted to include an allowance of \$250,000 per year in the normal cost of the plan for the payment of custodial/ trustee expenses.

Finally, the AFSCME Local 1907 and Council 79 bargaining unit members agreed to negotiations with the City Commission to return their contribution requirements back from 13% to 10% of payroll for fiscal year.

## **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 54 in the investment section of this report. The GESE Trust shows an asset allocation of 63.7 percent in equities, 3.5 percent in real estate, 26.9 percent in fixed income and 5.8 percent in cash at fiscal year end. The Staff plan shows an asset allocation of 34.7 percent in fixed income, 46.2 percent in large cap equities, 8.1 percent in international and 11 percent in small cap equities at fiscal year end.

For fiscal year 2012, investments provided a positive return of 18 percent for the GESE Trust and a positive 18.8 percent return for the Staff Plan. The GESE Trust's annualized rate of return over the last three years was a negative 9.3 percent and over the last five years was 2.1 percent. The Staff Plan's annualized rate of return over the last three years was a negative 9.6 percent and over the last five years was 2.9 percent. For a summary of investment returns, see page 55 and 56 in the investment section of this report. A detailed breakdown for the GESE Trust of individual manager investment style, fund allocation, rate of return, style benchmark, and universe ranking is provided on page 58 in the investment section. For actuarial valuation purposes, the assumed rate of return was 8.0 percent for fiscal year 2012. It should be noted that the method of asset valuation utilized for actuarial purposes is a moving market value average over five 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.

## **FUNDED 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

and assumptions, including investment rates of return. As can be seen from the schedule of employer contributions on pages 23-26 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 funded ratio is the ratio between the actuarial value of assets and the actuarial accrued liabilities as of each actuarial valuation date. The higher the ratio, the better funded the Trusts are from an actuarial perspective. The schedule of funding progress provides trend funded ratio information for the past six years. The latest actuarial valuation date is October 1, 2011. For the **GESE Trust**, the actuarial value of assets was \$601 million and the actuarial accrued liability was \$845 million causing an unfunded liability of \$244 million. This resulted in a funded ratio of 71%, which was a decrease from a funded ratio of 78% reported in the previous valuation. For the **Staff Plan**, the actuarial value of assets was \$2.14 million and the actuarial accrued liability was \$3.14 million causing an unfunded liability of \$1.003 million. This resulted in a funded ratio of 68%, which was an increase from a funded ratio of 65% reported in the previous valuation. The Board, management and its consulting actuary concur that the Trusts remain in sound financial position to meet their future obligations to the plan participants and beneficiaries. 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, 2011. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report 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,

  
\_\_\_\_\_  
Sandra Elenberg  
Pension Administrator  
\_\_\_\_\_  
Enrique Mesa  
Chief Accountant  
\_\_\_\_\_  
Christopher Recicar  
Treasurer

# 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, 2011

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.



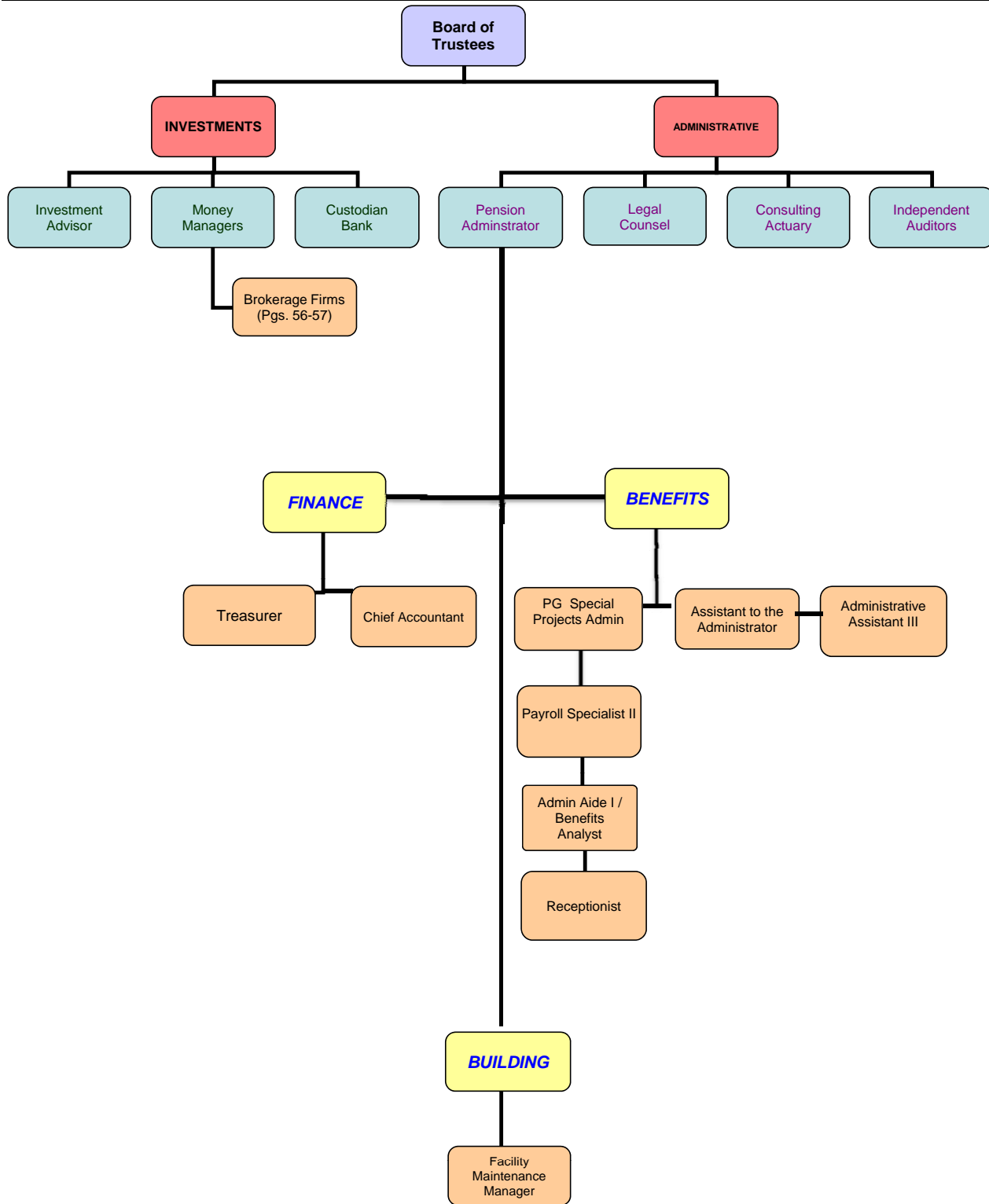
*Christopher P. Morrell*

President

*Jeffrey R. Evers*

Executive Director

**CITY OF MIAMI GENERAL EMPLOYEES AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
ORGANIZATIONAL CHART  
SEPTEMBER 30, 2012**



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# **Financial Section**





# SHARPTON, BRUNSON & COMPANY, P.A.

## Certified Public Accountants & Business Consultants

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Miami, FL 33131  
Tel: (305) 374-1574  
Fax: (305) 372-8161

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17th Floor  
Fort Lauderdale, FL 33301  
Tel: (954) 467-5490  
Fax: (954) 467-6184  
[www.sbcepa.com](http://www.sbcepa.com)

215 South Monroe Street  
Suite 750  
Tallahassee, FL 32301  
Tel: (850) 727-8160  
Fax: (850) 727-8183

### **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 Managed Trusts (the "Trusts") as of September 30, 2012 and 2011, 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.

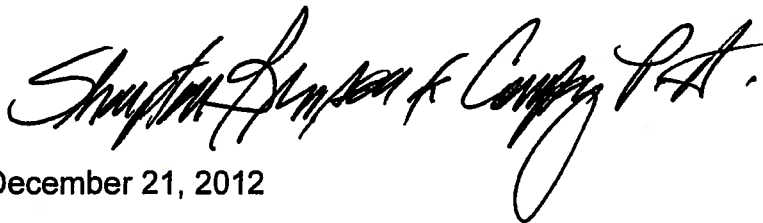
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trusts' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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, 2012 and 2011 and changes in net assets for the years then ended; in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress and employer contributions, on pages 3 through 9, and pages 39 through 41, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Trust's basic financial statements as a whole. The introductory section, schedule of administrative services, schedule of investment and consultant expenses, investment section, actuarial section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of administrative services and schedule of investment and consultant expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory, investment, actuarial and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them. 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.



December 21, 2012



**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012 AND 2011**

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The discussion and analysis of the City of Miami General Employees' and Sanitation Employees' Retirement Trust and Managed Trusts' (the "Trusts") financial performance provides an overview of the financial activities and funding conditions for the fiscal years ended September 30, 2012 and 2011. Readers are encouraged to consider the information presented in conjunction with the basic financial statements.

**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 2012 reflected the following financial activities:

- A net increase of \$48.1 million in plan net assets (or 9%) as a result of the fiscal year activities.
- Member contributions represent 13% of payroll for fiscal year 2012 and 2011. Members contributed approximately \$8.6 million in 2012 and \$9.2 million in 2011. Member Contributions decreased \$600 thousand in 2012 and \$3.5 million in 2011. Employee contributions will vary from year to year and are dependent upon several factors such as salary levels and number of active members.
- Employer contributions increased by \$5.4 million (or 26%) during fiscal year 2012 and decreased by \$3.6 million (or 15%) during fiscal year 2011. The amount of employer contributions vary from year to year based on an actuarially determined requirement.
- The investment portfolios had a net investment income of \$87 million in fiscal 2012 compared to a net investment gain of \$9 million in 2011. This increase of \$78 million followed a decrease of \$34 million in the prior year.
- In 2012, benefit payments and refunds of contributions decreased by \$1.09 million (or 1%), while in 2011, benefit and refund payments increased by \$10.7 million (or 17%).

**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 2012:

- Employer contributions and pension benefit payments for the Excess Benefit Plan increased by \$109 thousand (or 27%); while in 2011 it increased by \$66 thousand (or 19%).
- The 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.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012 AND 2011**

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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 2012:

- Plan net assets had an increase of \$512 thousand for fiscal year 2012. The plan net assets increased to \$2.56 million in fiscal year 2012 from \$2.05 million in fiscal year 2011 representing a 25% increase.
- Member contributions for 2012 increased \$12 thousand (or 15%) but decreased \$46 thousand (or 37%) in 2011, representing 10% of payroll. Employer contributions increase \$62 thousand (or 38%) in 2012, but increased \$32 thousand (or 24%) in 2011, based on an actuarially determined requirement.
- The investment portfolio had net investment income of \$404 thousand in fiscal year 2012 while 2011 showed net investment income of \$21 thousand.
- In 2012, benefit payments and refunds of contributions increased by \$178 thousand (or 542%), while in 2011, benefits payments and refund contribution increased by \$29 thousand (or 689%).

**OVERVIEW OF FINANCIAL STATEMENTS**

Management's Discussion and Analysis serves as an introduction to the basic financial statements. The basic financial statements consist of the Statement of Plan Net Assets, the Statement of Changes in Plan Net Assets, the notes to the financial statements, and required supplementary historical trend information including the schedule of funding progress and the schedule of employer contributions. The basic financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Governmental Accounting Standards Board.

The Statement of Plan Net Assets is a point in time snapshot of account balances at fiscal year-end. It reports the assets available for future payments to retirees and their beneficiaries less any current liabilities that are owed as of the fiscal year end. The resulting net assets held in trust for pension benefits are available to meet on-going obligations. 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 Statement of Changes in Plan Net Assets displays the effect of pension fund transactions that occurred during the fiscal year. The impact of those activities is shown as additions less deductions to the plan net assets. The trend of additions versus deductions to the Plan indicates the condition of the Trusts' financial position over time.

The notes to the financial statements are an integral part of the financial reports. The notes provide detailed discussions of key policies and activities, and additional background that is essential for a complete understanding of the data presented in the statements.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012 AND 2011**

**FINANCIAL ANALYSIS**

The following is a condensed comparative Statement of Plan Net Assets of each of the Trusts.

**STATEMENT OF PLAN NET ASSETS**  
September 30,  
(In Thousands)

	<b>GESE Trust</b>		<b>Excess Benefit Plan</b>		<b>Staff Plan</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Cash	\$ 511	\$ 869	\$ 43	\$ 32	\$ 5	\$ 23
<b>Receivables:</b>						
Securities sold	1,361	4,412	-	-	-	-
Interest & dividends	1,728	1,765	-	-	-	-
Contributions & other	<u>779</u>	<u>2,603</u>	<u>30</u>	<u>20</u>	-	-
<b>Total receivables</b>	<u>3,868</u>	<u>8,780</u>	<u>30</u>	<u>20</u>	-	-
<b>Investments:</b>						
Fixed Income	150,217	172,638	-	-	-	-
Equity securities	<u>413,828</u>	<u>338,845</u>	-	-	<u>2,557</u>	<u>2,027</u>
<b>Total Investments</b>	<u>564,045</u>	<u>511,483</u>	-	-	<u>2,557</u>	<u>2,027</u>
<b>Assets:</b>						
Other assets	-	-	-	-	-	-
Capital assets	<u>2,155</u>	<u>2,243</u>	-	-	-	-
<b>Total assets</b>	<u>570,578</u>	<u>523,375</u>	<u>74</u>	<u>52</u>	<u>2,563</u>	<u>2,050</u>
<b>Liabilities:</b>						
Securities purchased	3,643	4,516	-	-	-	-
Other liabilities	<u>737</u>	<u>785</u>	<u>74</u>	<u>52</u>	-	-
<b>Total liabilities</b>	<u>4,380</u>	<u>5,281</u>	<u>74</u>	<u>52</u>	-	-
<b>Net assets held in Trust for pension benefits</b>	<u>\$ 566,198</u>	<u>\$ 518,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,563</u>	<u>\$ 2,050</u>

**GESE Trust**

The net assets of the GESE Trust reported in the fiscal year 2012 were \$566 million compared to the net assets reported in the fiscal year 2011 of \$518 million. The net assets increased by approximately \$48 million (or 9%) primarily due to the increase in investments of \$52 million.

**Excess Benefit Plan**

The Excess Benefit Plan is funded as needed to pay benefits and therefore the plan has no assets. The liability represents some funding in advance as the City of Miami makes estimated contributions twice a year.

**Staff Plan**

The net assets of the Staff Plan reported in the fiscal year 2012 was \$2.56 million compared to the net assets reported in the fiscal year 2011 of \$2.05 million. The net assets increased by \$512 thousand (or 25%) primarily due to the increase in investments of \$530 thousand.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012 AND 2011**

**FINANCIAL ANALYSIS (cont'd)**

The table below shows a condensed comparative summary of the changes in net assets and represents the activities of the Trusts.

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

	GESE Trust		Excess Benefit Plan		Staff Plan	
	2012	2011	2012	2011	2012	2011
<b>Additions:</b>						
Contributions						
Employer	\$ 25,785	\$ 20,421	\$ 515	\$ 408	\$ 227	\$ 185
Members	8,588	9,183	-	-	92	80
Total contributions	<u>34,372</u>	<u>29,604</u>	<u>515</u>	<u>408</u>	<u>319</u>	<u>245</u>
Reimbursement income	3,104	3,078	105	107	-	-
Net investment income (loss)	<u>87,377</u>	<u>9,453</u>	<u>-</u>	<u>-</u>	<u>404</u>	<u>21</u>
Total additions	<u>124,854</u>	<u>42,135</u>	<u>620</u>	<u>513</u>	<u>723</u>	<u>266</u>
<b>Deductions:</b>						
Benefits	72,186	72,738	515	410	187	13
Refunds	1,388	1,929	-	-	24	20
Administrative	<u>3,178</u>	<u>3,172</u>	<u>105</u>	<u>103</u>	<u>-</u>	<u>-</u>
Total deductions	<u>76,750</u>	<u>77,839</u>	<u>620</u>	<u>513</u>	<u>211</u>	<u>33</u>
<b>Change in net assets</b>	48,292	(35,704)	-	-	512	233
<b>Net assets held in trust for pension benefits:</b>						
Beginning of year	<u>518,095</u>	<u>553,798</u>	<u>-</u>	<u>-</u>	<u>2,050</u>	<u>1,817</u>
End of year	<u>\$ 586,188</u>	<u>\$ 518,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,562</u>	<u>\$ 2,050</u>

**GESE Trust**

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

- Additions to the plan net assets during fiscal year 2012 show a positive \$125 million that included contributions of \$34 million and net investment income of \$87 million. This was a dramatic increase from the fiscal year 2011, when additions were an increase \$42 million, which included member and employer contributions of \$30 million, and net investment income of \$9 million. The increase was primarily due to positive investment returns for the year.
- Deductions to plan net assets decreased by 1% from \$77.8 million in fiscal year 2011 to \$76.8 million in 2012. Most of the decrease relates to decreases in pension benefit payments.

**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 increased \$107 thousand (or 21%) from \$513 thousand during 2011 to \$620 thousand in 2012.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012 AND 2011**

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**FINANCIAL ANALYSIS (cont'd)**

**Staff Plan**

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

- Increases to the plan net assets during fiscal year 2012 were \$512 thousand, including contributions of \$319 thousand and net investment income of \$404 thousand. This was a 172% increase from the fiscal year 2011, when additions were a positive \$233 thousand, which included contributions of \$245 thousand, and net investment income of \$21 thousand. The increase was primarily due to the investments for the year.
- Additions to plan net assets increased by \$457 thousand during the year as a result of increase in net investment income of \$404 thousand.
- Deductions to plan net assets increased by \$178 thousand during 2012, while 2011 saw a modest \$29 thousand increase.

**INVESTMENT ACTIVITIES**

Investment income is very important to the Trusts for current and future financial stability. The Board employs the services of an investment consultant to annually review and periodically update the Investment Policy Statements. The GESE Investment Policy Statements were last amended September 30, 2010. Staff policy amended May 25, 2011.

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.

**Asset Allocation**

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

**GESE TRUST - SUMMARY OF ASSET ALLOCATION**

	<u>Policy Guidelines</u>		<u>Actual as of September 30</u>	
	<u>Target</u>	<u>Range</u>	<u>2012</u>	<u>2011</u>
U.S. large cap equity	42%	30 - 55%	49.9%	47.3%
U.S. small cap equity	10%	0 - 15%	5.8%	5.2%
International equity	13%	0 - 15%	8.0%	8.6%
U.S. fixed income	29%	20 - 40%	26.9%	29.3%
Real estate	5%	0 - 10%	3.5%	5.0%
Cash and other	1%	0 - 15%	<u>5.8%</u>	<u>4.6%</u>
			<u>100.0%</u>	<u>100.0%</u>

The percentage of total assets invested in each asset class was within the policy ranges for the past two fiscal years. Minor changes in the allocation occurred due to market conditions.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**INVESTMENT ACTIVITIES (cont'd)**

**Asset Allocation (cont'd)**

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

**STAFF TRUST - SUMMARY OF ASSET ALLOCATION**

	<u>Policy Guidelines</u>		<u>Actual as of September 30,</u>	
	<u>Target</u>	<u>Range</u>	<u>2012</u>	<u>2011</u>
U.S. large cap equity	42%	25 - 70%	46.2%	40.1%
U.S. small cap equity	10%	0 - 25%	11.0%	9.4%
International equity	13%	0 - 25%	8.1%	7.7%
U.S. fixed income	35%	20 - 70%	34.7%	42.8%
Cash and other	0%	0 - 10%	<u>0.0%</u>	<u>0.0%</u>
			<u>100.0%</u>	<u>100.0%</u>

The percentage of total assets invested in each asset class was within the policy ranges for the year. There were no changes in the allocation among the asset class during the year.

**Investment Returns**

The summary of investment returns reflects the past fiscal year returns as well as the three-year and five-year annualized rates of return for periods ending September 30, 2012. The rates of returns are time weighted, gross of fees, and based on market rate of return.

As of September 30, 2012, the policy portfolio includes the following indices and weightings:

42% S & P 500, 13% Russell 2000, 10% Europe Australia Far East (EAFE), 5% National Council of Real Estate Investment Fiduciaries (NCREIF), and 30% Barclays Aggregate.

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

**GESE TRUST - SUMMARY OF INVESTMENT RETURNS  
September 30,**

	<u>Year to Date</u>	<u>Annualized Return</u>	
		<u>3 Year</u>	<u>5 Year</u>
<b>Fiscal Year 2012</b>			
Total Fund	18.0%	9.3%	2.1%
Policy Portfolio	19.6%	10.1%	2.8%
<b>Fiscal Year 2011</b>			
Total Fund	1.5%	3.0%	1.6%
Policy Portfolio	2.2%	3.7%	1.8%



**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2012 AND 2011**

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**INVESTMENT ACTIVITIES (cont'd)**

**Investment Returns (cont'd)**

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

The GESE Trust had a positive return of 18.0%, for the year ended September 30, 2012, as compared to a 1.5% positive return for the year ended September 30, 2011. The Trust's performance increase this year was the result of strong returns in the equity markets, especially in the domestic equity asset class. Fixed income results have shown strength in the current market conditions. The fund slightly underperformed the benchmarks for year 2012 as well as the annualized three and five year periods.

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

**STAFF PLAN - SUMMARY OF INVESTMENT RETURNS  
September 30,**

	<u>Year to Date</u>	<u>Annualized Return</u>	
		<u>3 Year</u>	<u>5 Year</u>
<b>Fiscal Year 2012</b>			
Total Fund	18.8%	9.6%	2.9%
Policy Portfolio	19.4%	10.0%	3.2%
<b>Fiscal Year 2011</b>			
Total Fund	1.3%	4.2%	1.4%
Policy Portfolio	1.6%	4.3%	1.7%

For the fiscal year ended September 30, 2012, the Staff Plan was also lifted by the positive stock market environment and experienced a positive total return of 18.8%, following a total return in 2011 of 1.3%. The fund experienced only a slight lag behind the benchmark in 2012 as well as the benchmarks for the three and five year periods.

**ECONOMIC FACTORS**

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. The Trusts investment activities are a function of the underlying marketplace for the period measured, money manager performance, and the investment policy's asset allocation. Maintaining a diversified portfolio of investments is critical for an opportunity of positive returns. The Trusts have very successful investment programs and prudent management practices in place to alleviate the effects of present and future adverse economic conditions.

**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://www.gese.org>.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
STATEMENT OF PLAN NET ASSETS  
SEPTEMBER 30, 2012**

<b>ASSETS</b>	<u>GESE Trust</u>	<u>Excess Benefit Plan</u>	<u>Staff Plan</u>	<u>Total</u>
Cash	\$ 511,414	\$ 43,485	\$ 5,495	\$ 560,394
<b>Receivables:</b>				
Securities sold	1,360,576	-	-	1,360,576
Members' contributions	156,710	-	-	156,710
Interest and dividends	1,726,466	-	-	1,726,466
City of Miami	565,786	30,269	-	596,055
Other	56,338	-	-	56,338
Total receivables	<u>3,865,876</u>	<u>30,269</u>	<u>-</u>	<u>3,896,145</u>
<b>Investments, at fair value:</b>				
U.S. Government and Agency Securities	84,084,551	-	-	84,084,551
Corporate stocks	358,899,769	-	1,671,786	360,571,555
Corporate bonds	66,133,102	-	885,580	67,018,682
Real estate funds	25,096,325	-	-	25,096,325
Money market funds	29,831,876	-	-	29,831,876
Total investments	<u>564,045,623</u>	<u>-</u>	<u>2,557,366</u>	<u>566,602,989</u>
Capital assets, net	<u>2,154,876</u>	<u>-</u>	<u>-</u>	<u>2,154,876</u>
Total Assets	<u>570,577,789</u>	<u>73,754</u>	<u>2,562,861</u>	<u>573,214,404</u>
<b>LIABILITIES</b>				
Payable for securities purchased	3,643,116	-	-	3,643,116
City of Miami - excess	-	73,754	-	73,754
Notes payable capital lease	3,769	-	-	3,769
Accounts payable and accrued expenses	733,373	-	1,030	734,403
Total Liabilities	<u>4,380,258</u>	<u>73,754</u>	<u>1,030</u>	<u>4,455,042</u>
Net assets held in trust for pension benefits	<u>\$ 566,197,531</u>	<u>\$ -</u>	<u>\$ 2,561,831</u>	<u>\$ 568,759,362</u>

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

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
STATEMENT OF PLAN NET ASSETS  
SEPTEMBER 30, 2011**

	<u>GESE Trust</u>	<u>Excess Benefit Plan</u>	<u>Staff Plan</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ 868,824	\$ 31,809	\$ 23,710	\$ 924,343
<b>Receivables:</b>				
Securities sold	4,411,618	-	-	4,411,618
Members' contributions	159,569	-	-	159,569
Interest and dividends	1,764,557	-	-	1,764,557
City of Miami	2,399,498	20,012	-	2,419,510
Other	<u>45,192</u>	<u>-</u>	<u>-</u>	<u>45,192</u>
Total receivables	<u>8,780,434</u>	<u>20,012</u>	<u>-</u>	<u>8,800,446</u>
<b>Investments, at fair value:</b>				
U.S. Government and Agency Securities	83,039,488	-	-	83,039,488
Corporate stocks	312,970,506	-	1,161,362	314,131,868
Corporate bonds	66,351,963	-	865,305	67,217,268
Real estate funds	25,874,227	-	-	25,874,227
Money market funds	<u>23,246,806</u>	<u>-</u>	<u>-</u>	<u>23,246,806</u>
Total investments	<u>511,482,990</u>	<u>-</u>	<u>2,026,667</u>	<u>513,509,657</u>
Prepaid expenses and other assets	<u>2,243,283</u>	<u>-</u>	<u>-</u>	<u>2,243,283</u>
Capital assets, net	<u>523,375,531</u>	<u>51,821</u>	<u>2,050,377</u>	<u>525,477,729</u>
Total Assets				
<b>LIABILITIES</b>				
	4,515,727	-	-	4,515,727
Payable for securities purchased	-	51,821	-	51,821
City of Miami	3,769	-	-	3,769
Accounts payable and accrued expenses	<u>762,676</u>	<u>-</u>	<u>-</u>	<u>762,676</u>
Total Liabilities	<u>5,282,172</u>	<u>51,821</u>	<u>-</u>	<u>5,333,993</u>
Net assets held in trust for pension benefits	<u>\$ 518,093,359</u>	<u>\$ -</u>	<u>\$ 2,050,377</u>	<u>\$ 520,143,736</u>

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

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>GESE Trust</u>	<u>Excess Benefit Plan</u>	<u>Staff Plan</u>	<u>Total</u>
<b>ADDITIONS</b>				
<b>Contributions:</b>				
Employer	\$ 25,784,849	\$ 514,908	\$ 226,793	\$ 26,526,550
Plan members	<u>8,587,563</u>	-	<u>91,989</u>	<u>8,679,552</u>
Total contributions	<u>34,372,412</u>	<u>514,908</u>	<u>318,782</u>	<u>35,206,102</u>
<b>Investment income (loss):</b>				
Net (depreciation) in fair value of investments	78,349,329	-	342,207	78,691,536
Interest	6,229,231	-	-	6,229,231
Dividend	4,820,861	-	61,046	4,881,907
Other income	<u>108,029</u>	-	-	<u>108,029</u>
Total investment income	<u>89,507,450</u>	<u>-</u>	<u>403,253</u>	<u>89,910,703</u>
Less investment expense	<u>2,129,415</u>	<u>-</u>	<u>-</u>	<u>2,129,415</u>
Net investment income	<u>87,378,035</u>	<u>-</u>	<u>403,253</u>	<u>87,781,288</u>
Reimbursement income from City of Miami	<u>3,104,449</u>	<u>104,783</u>	<u>-</u>	<u>3,209,232</u>
Total Additions	<u>124,854,896</u>	<u>619,691</u>	<u>722,035</u>	<u>126,196,622</u>
<b>DEDUCTIONS</b>				
Benefits	72,186,394	514,907	186,680	72,887,981
Refunds of contributions	1,385,881	-	23,902	1,409,783
Administrative and other expenses	<u>3,178,449</u>	<u>104,783</u>	<u>-</u>	<u>3,283,232</u>
Total Deductions	<u>76,750,724</u>	<u>619,690</u>	<u>210,582</u>	<u>77,580,996</u>
Change in net assets	48,104,172	-	511,453	48,615,626
Net assets held in trust for pension benefits, beginning of year	<u>518,093,359</u>	<u>-</u>	<u>2,050,377</u>	<u>520,143,736</u>
Net assets held in trust for pension benefits, end of year	<u>\$ 566,197,531</u>	<u>\$ -</u>	<u>\$ 2,561,830</u>	<u>\$ 568,759,362</u>

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

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>GESE Trust</u>	<u>Excess Benefit Plan</u>	<u>Staff Plan</u>	<u>Total</u>
<b>ADDITIONS</b>				
<b>Contributions:</b>				
<b>Contributions:</b>	\$ 20,420,995	\$ 406,243	\$ 164,490	\$ 20,991,728
Employer	9,183,073	-	80,337	9,263,410
Plan members	29,604,068	406,243	244,827	30,255,138
<b>Total contributions</b>				
<b>Investment income (loss):</b>				
Net appreciation in fair value of investments	(11,928)	-	(31,517)	(43,445)
Interest	6,693,297	-	-	6,693,297
Dividend	4,838,173	-	52,532	4,890,705
Other income	140,854	-	-	140,854
<b>Total investment income (loss)</b>	11,660,396	-	21,015	11,681,411
<b>Less investment expense</b>	2,207,877	-	-	2,207,877
<b>Net investment income (loss)</b>	9,452,519	-	21,015	9,473,534
<b>Reimbursement income from City of Miami</b>	3,078,382	106,450	-	3,184,832
<b>Total Additions</b>	42,134,969	512,693	265,842	42,913,504
<b>DEDUCTIONS</b>				
Benefits	72,737,854	409,709	12,772	73,160,335
Refunds of contributions	1,928,705	-	20,009	1,948,714
Administrative and other expenses	3,172,569	102,984	-	3,275,553
<b>Total Deductions</b>	77,839,128	512,693	32,781	78,384,602
<b>Change in net assets</b>	(35,704,159)	-	233,061	(35,471,098)
<b>Net assets held in trust for pension benefits, beginning of year</b>	553,797,518	-	1,817,316	555,614,834
<b>Net assets held in trust for pension</b>	<u>\$518,093,359</u>	<u>\$ -</u>	<u>\$ 2,050,377</u>	<u>\$ 520,143,736</u>

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

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011**

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**Note 1 - Summary of Significant Accounting Policies**

**Basis of Presentation**

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 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.

**Pronouncements Issued, But Not Yet Adopted**

GASB Statement 68, *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27* was issued June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The provisions of this Statement will be effective for City Of Miami GESE beginning with its year ending September 30, 2015.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011**

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

**Pronouncements Issued, But Not Yet Adopted (cont'd)**

GASB Statement 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25* was issued June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of this Statement will be effective for City of Miami GESE beginning with its year ending September 30, 2014.

GASB Statement 65, *Items Previously Reported as Assets and Liabilities* was issued March 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement will be effective for the City of Miami GESE beginning with its year ending September 30, 2013.

GASB Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions-an amendment of GASB Statement No. 53* issued June 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of this Statement will be effective for the City of Miami GESE beginning with its year ending September 30, 2012.

GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources*, was issued June 2011. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The provisions of this Statement will be effective for the City of Miami GESE beginning with its year ending September 30, 2013.

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

**Pronouncements Issued, But Not Yet Adopted (cont'd)**

GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued December 2010. The Statement is intended to enhance the usefulness of GASB Codification by incorporating certain accounting guidance issued by the FASB and the AICPA that is applicable to state and local governments. The provisions of this Statement will be effective for the Trusts beginning with its year ending September 30, 2013

GASB Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*, was issued in December 2010. The Statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The provisions of this Statement will be effective for the Trusts beginning with its year ending September 30, 2012.

GASB Statement 61, *The Financial Reporting Entity: Omnibus*, was issued in December 2010. The Statement is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The provisions of this Statement will be effective for the Trusts beginning with its year ending September 30, 2013.

The Trusts has not yet determined the effect these statements will have on its financial statements.

**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.



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

**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

**Investment, Administrative, and Other Expenses**

Investment money manager fees are funded by investment income of the Trusts. All other costs of operating the Trusts, including custodial and investment advisor fees, are directly funded by reimbursement income from 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 7).

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

The GESE Trust is a single employer defined benefit plan to which member employees contributed 13% of their base salaries or wages for FY 2012. The contribution rate was decreased to 10% of base salaries or wages for all member employees effective September 30, 2012 (See Note 10). 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.

**Note 2 - Plan Description**

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

**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.

**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 had 10 or more years of continuous creditable service may elect to retire upon the attainment of normal retirement age. A member who had 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. Subsequent to September 30, 2010 for members not eligible to retire as of that date, the retirement age and service changed to age 55 and 30 years of creditable service or age 60 and 10 years of continuous creditable service or a combination of at least ten years of creditable service plus attained age equaling 80 points (Rule of 80).

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

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

**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. For service after September 30, 2010 for members not eligible to retire as of that date, 2.25% of average final compensation multiplied by creditable service up to 15 years, 2.5% of average final compensation for 16 to 20 years of service and 2.75% for service over 20 years. Effective September 30, 2012, for members not eligible to retire on that date, member retirement allowances shall not exceed the lesser of 100 percent of the member's average final compensation or an annual retirement allowance of \$80,000. Any member who has accrued a benefit in excess of the maximum benefit as of September 30, 2012 will retain that benefit but will not accrue any additional benefit (See Note 10).

**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.

**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.

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

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

**Deferred Retirement Option Program (DROP)**

The DROP is available to GESE Trust members eligible for normal retirement as of January 1, 2013 or vested as October 1, 2010. The DROP is not available to any other GESE Trust member. (See Note 10). 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, 2012 and 2011 amounted to \$15,799,033 and \$18,254,139, respectively, and is included in benefits in the statement of changes in plan net assets.

**BACKDROP Option (BACKDROP)**

The Backdrop is available to all GESE Trust members effective January 1, 2013. Under the Backdrop option a member can receive a lump sum payment in addition to a monthly pension annuity. The employee chooses to take a Backdrop at the end of his employment with the City as long as he or she Backdrops to any date after he/she reaches the Normal Retirement date. If the member elects the Backdrop option, the monthly benefit payable on the member's actual retirement date (when the member leaves City employment) is based on the benefit the member would have received had he or she left employment and retired on an earlier Normal Retirement (NR) date, referred to as the Backdrop date. In addition, the member will receive a lump sum payment equal to the accumulation of annuity payments he or she would have received during the Backdrop period had he or she elected to receive immediate pension annuity payments starting as of the Backdrop date. Annuity payments would be accumulated at the rate of 3% per year, compounded annually. The member's Backdrop date can be any date after his or her Normal Retirement Date and the Backdrop period can be as little as one year and as long as 7 years. If the member does not elect a Backdrop benefit option, his or her monthly retirement benefit will be calculated using his or her final average final compensation and creditable service as of the member's actual employment termination date. The participant may receive the accumulated Backdrop account balance upon electing the Backdrop and at the end of his or her employment. The Backdrop 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. (See Note 10).

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

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

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, 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.

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

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.

**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.

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

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

**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.

**Note 3 - Participation**

At October 1, 2012 and 2011 (based on updated actuarial valuations), each Trust's membership consisted of:

	<u>2012</u>			
	<u>GESE</u>	<u>Excess</u>	<u>Staff</u>	<u>Total</u>
Retirees and beneficiaries currently receiving benefits	2,125	36	4	2,165
Terminated employees entitled to benefits, but not yet receiving them	160	-	1	161
Current employees	<u>1,231</u>	<u>-</u>	<u>6</u>	<u>1,237</u>
Total members	<u><u>3,516</u></u>	<u><u>36</u></u>	<u><u>11</u></u>	<u><u>3,563</u></u>
	<u>2011</u>			
	<u>GESE</u>	<u>Excess</u>	<u>Staff</u>	<u>Total</u>
Retirees and beneficiaries currently receiving benefits	2,200	35	-	2,235
Terminated employees entitled to benefits, but not yet receiving them	152	-	1	153
Current employees	<u>1,294</u>	<u>-</u>	<u>11</u>	<u>1,305</u>
Total members	<u><u>3,646</u></u>	<u><u>35</u></u>	<u><u>12</u></u>	<u><u>3,693</u></u>

Number of employees entitled to benefits but not yet receiving them is composed of deferred vested members and members that are due a contribution refund. For 2011 and 2012 the number of deferred vested members was 20 and 22, respectively. For 2011 and 2012 the number of members due a contribution refund was 135 and 138, respectively.

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**Note 4 - 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 individual 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 with the October 1, 2011 actuarial valuation, changes in the unfunded accrued liability under the GESE Trust are amortized over a 15 year period for benefit changes for retirees and 20 year period for all other changes, as a level percent of pay. To determine the Annual Required Contribution under GASB 27 for the Excess Benefit Plan, the amortization of the unfunded accrued liability is over a 30 year period from October 1, 2000, as a level dollar amount. For the Staff Plan, the following amortization periods apply all payments as level dollar amounts:

Benefit improvements for actives	20 years
Benefit improvements for retirees	15 years
Actuarial gain/loss	15 years
Change in assumptions and methods	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 for fiscal years 2012 and 2011 were determined through an actuarial valuation performed as of October 1, 2010 and 2009, respectively. The City's actuarially determined contribution requirement and actual contribution made was \$25,973,331 and \$20,032,513 consisting of (a) \$ zero and \$978,107 normal cost, (b) \$19,054,406 and \$25,724,977 amortization of the unfunded actuarial accrued liability and (c) \$248,354 and \$0 interest adjustment for the years ended September 30, 2012 and 2011, respectively. The members contributed \$8,587,563 and \$9,183,073 for the years ended September 30, 2012 and 2011, respectively.

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**Note 4 - Contributions (cont'd)**

**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, 2011 and 2010, respectively. The City's actuarially determined contribution requirement of \$606,589 and \$585,357 consisted of (a) \$0 and \$0 normal cost, (b) \$606,589 and \$585,357 amortization of the unfunded actuarial accrued liability and (c) \$0 interest adjustment for the years ended September 30, 2012 and 2011, respectively. The City's actual contributions were \$514,908 and \$406,243 as benefits became due for the years ended September 30, 2012 and 2011, respectively.

**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 City contributions for fiscal years 2012 and 2011 were determined through a actuarial valuation performed as of October 1, 2010 and 2009, respectively. The City's actuarially determined contribution requirement was \$226,793 and \$164,490 consisting of (a) \$102,198 and \$92,965 normal cost, (b) \$124,595 and \$71,525 amortization of the unfunded actuarial accrued liability and (c) \$0 interest adjustment for the years ended September 30, 2012 and 2011, respectively. The City's actual contributions were \$226,793 and \$164,490, for the years ended September 30, 2012 and 2011, respectively. The members contributed \$91,989 and \$80,337 for the years ended September 30, 2012 and 2011, respectively.

**Note 5 - Funding Status and Progress**

GASB Statement No. 27 adopts the use of an Actuarial Accrued Liability ("AAL") as the standardized measure of disclosure on a net present value basis of pension benefits, which will become payable at future dates. The calculation of the AAL includes projected salary increases and step-rate benefits estimated to be payable in the future based upon employee service to date. This measure is intended to help users assess the funding status of the Plan on a going-concern basis as well as to assess progress in accumulating sufficient assets to pay benefits when due. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the AAL for benefits.

**GESE Trust**

GESE Trust's AAL as of October 1, 2011 and 2010 was \$845.1 million and \$840.9 million, respectively. The actuarial value of the Plan assets available to pay these benefits at September 30, 2011 and 2010 totaled \$600.7 million and \$653 million, respectively, leaving a deficit as compared to the AAL of \$244.4 million and \$187.9 million at September 30, 2011 and 2010, respectively.



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**Note 5 - Funding Status and Progress (cont'd)**

The funding status of the plan as of October 1, 2011 and 2010, the date of the last actuarial valuations, was as follows:

(in millions)

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Funded Ratio (a) / (b)</u>	<u>Unfunded AAL (UAAL) (b) - (a)</u>	<u>(c) Covered Payroll</u>	<u>UAAL as Percentage of Covered Payroll (b)-(a)/(c)</u>
10/1/11	\$600.7	\$845.1	71%	\$244.4	\$63.6	384%
10/1/10	\$653.0	\$840.9	78%	\$187.9	\$68.8	273%

Actuarial accrued liability is calculated using modified entry age normal method and the amortization approach used is level dollar, open.

**Excess Plan**

The AAL for the Excess Plan as of October 1, 2011 and 2010 was \$5.8 million and \$5.7 million, respectively. The actuarial value of the Plan assets available to pay these benefits at September 30, 2011 and 2010 totaled \$0, leaving a deficit as compared to the AAL of \$5.8 million and \$5.7 million at September 30, 2011 and 2010, respectively.

The funding status of the plan as of October 1, 2011 and 2010, the date of the last actuarial valuation, was as follows:

(in millions)

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Funded Ratio (a) / (b)</u>	<u>Unfunded AAL (UAAL) (b) - (a)</u>	<u>(c) Covered Payroll</u>	<u>UAAL as Percentage of Covered Payroll (b)-(a)/(c)</u>
10/1/11	\$-0-	\$5.8	0%	\$5.8	\$63.6	9%
10/1/10	\$-0-	\$5.7	0%	\$5.7	\$68.8	8%

Actuarial accrued liability is calculated using modified entry age normal method and the amortization approach used is level dollar, closed.

**Staff Plan**

The AAL for the Staff Plan as of October 1, 2011 and 2010 was \$3.1 million and \$2.8 million, respectively. The actuarial value of the Plan assets available to pay these benefits at September 30, 2011 and 2010 totaled \$2.1 million and \$1.8 million, respectively, leaving a deficit as compared to the AAL of \$1.0 million and \$992.4 thousand at September 30, 2011 and 2010 respectively.

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**Note 5 - Funding Status and Progress (cont'd)**

**Staff Plan (cont'd)**

The funding status of the plan as of October 1, 2011 and 2010, the date of the last actuarial valuation, was as follows:

(in thousands)

<u>Actuarial Valuation Date</u>	(a) <u>Actuarial Value of Assets</u>	(b) <u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Funded Ratio (a) / (b)</u>	<u>Unfunded AAL (UAAL) (b) - (a)</u>	(c) <u>Covered Payroll</u>	<u>UAAL as Percentage of Covered Payroll (b)-(a)/(c)</u>
10/1/11	\$2,137.0	\$3,139.9	68%	\$1,002.9	\$735.0	136%
10/1/10	\$1,834.6	\$2,827.0	65%	\$992.4	\$843.0	118%

Actuarial accrued liability is calculated using modified entry age normal method and the amortization approach used is level dollar, closed.

**Note 6 - Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the historical pattern of sharing of benefit costs between the employer and plan members substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculation.

**GESE Trust**

In the September 30, 2011 and 2010 actuarial valuations, the modified individual entry age normal cost method is used. The actuarial assumptions included an annual discount rate of 8.0% as of September 30, 2011 valuation and 8.10% as of the September 30, 2010 valuation, representing an estimate of the discount rate for the Plan. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized as a level percentage of projected payrolls with an amortization period of 15 years for benefit changes for retirees and 20 years for all other changes. Other significant actuarial assumptions utilized in the most recent analysis include: (a) projected salary increases ranging from 4% per year to 8.75% per year varying by years of service; (b) 3% annual payroll growth; and (c) an annual inflation rate of 3.5%. (See supplemental information following the notes to the financial statements.)

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**Note 6 - Actuarial Methods and Assumptions (cont'd)**

**Excess Plan**

In the September 30, 2011 and 2010 actuarial valuations for the Plan, the modified entry age normal cost method was used. The actuarial assumptions included an annual discount rate of 8.0% as of the September 30, 2011 valuation and 8.10% as of the September 30, 2010 valuation, representing an estimate of the discount rate for the Plan. The UAAL is being amortized as a level dollar amount with an amortization period of 30 years from October 1, 2000. Other significant actuarial assumptions utilized in the most recent analysis include: (a) projected salary increases ranging from 4% per year to 8.75% per year varying by years of service, and (b) an annual inflation rate of 3.5%. (See supplemental information following the notes to the financial statements.)

**Staff Plan**

In the September 30, 2011 and 2010, the actuarial valuations for the Staff Plan included the modified individual entry age normal cost method. The actuarial assumptions included a compounded annually discount rates of 8% as of the September 30, 2011 valuation and 8.10% as of the September 30, 2010 valuation. The UAAL is being amortized as a level dollar amount with amortization periods of 5 to 20 years. Other significant actuarial assumptions utilized in the most recent analysis include: (a) projected salary increases of 6% per year; and (b) an annual inflation rate of 3.5%. (See supplemental information following the notes to the financial statements.)

**Note 7 - 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.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011**

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**Note 7 - Investments (cont'd)**

**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, 2010. The investment policy, approved by the Board of Trustees for the Staff Plan, was effective April 27, 2001 and was most recently amended on May 25, 2011. 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		
	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
U.S. large cap equity	30%	42%	55%	25%	42%	70%
U.S. small cap equity	0%	10%	15%	0%	10%	25%
International equity	0%	13%	15%	0%	13%	25%
U.S. fixed income	20%	29%	40%	20%	35%	70%
Real estate	0%	5%	10%	0%	0%	0%
Cash and other	0%	1%	15%	0%	0%	10%

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 7% at market of the value of the funds available for investment for the GESE Trust. For equity securities, investments in any single industry cannot 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 market of the total value of the portfolio. For the GESE Trust, average duration of the fixed income securities should be in a range of three to ten years.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
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**Note 7 - Investments (cont'd)**

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 new issues, illiquid investments, Eurodollar securities, and foreign credits.

Investments for the GESE Trust and Staff Plan, as of September 30, 2012 and 2011, were as follows:

<b>2012</b>			
	<b><u>GESE Trust</u></b>	<b><u>Staff Plan</u></b>	<b><u>Total Fair Value</u></b>
U.S. Government and Agency Securities	\$ 84,084,551	\$ -	\$ 84,084,551
Corporate Stocks	358,899,769	1,671,786	360,571,555
Corporate Bonds	66,133,102	885,580	67,018,682
Real Estate Fund	25,096,325	-	25,096,325
Money Market Fund	<u>29,831,876</u>	<u>-</u>	<u>29,831,876</u>
Total Investments	<b><u>\$ 564,045,623</u></b>	<b><u>\$ 2,557,365</u></b>	<b><u>\$ 566,602,989</u></b>

<b>2011</b>			
	<b><u>GESE Trust</u></b>	<b><u>Staff Plan</u></b>	<b><u>Total Fair Value</u></b>
U.S. Government and Agency Securities	\$ 83,039,488	\$ -	\$ 83,039,488
Corporate Stocks	312,970,506	1,161,362	314,131,868
Corporate Bonds	66,351,963	865,305	67,217,268
Real Estate Funds	25,874,227	-	25,874,227
Money Market Fund	<u>23,246,806</u>	<u>-</u>	<u>23,246,806</u>
Total Investments	<b><u>\$ 511,482,990</u></b>	<b><u>\$ 2,026,667</u></b>	<b><u>\$ 513,509,657</u></b>

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011**

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**Note 7 - Investments (cont'd)**

**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, interest rate risk and foreign currency risk. 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. Credit risk is the risk that a debt issuer will not fulfill its obligations. 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 the Trust.

**GESE Trust Investment Risk**

***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 (SSgA Government STIF). All cash in each money manager's portfolio is swept into this STIF account 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 7% (at market) 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, 2012 and September 30, 2011, the GESE Trust did not have any corporate bond investments with issuers greater than 5%.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011**

**Note 7 - 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/S&P as a Caa/CCC or better.

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>2012</u>		<u>2011</u>	
	<u>Fair Value (\$000)</u>	<u>Percent</u>	<u>Fair Value (\$000)</u>	<u>Percent</u>
Treasury:				
Bonds	\$ 4,386	2.80%	\$ 4,974	3.20%
Notes	21,101	13.50%	12,223	7.90%
Bills	-	-	-	-
TIPS	-	-	-	-
Treasury sub-total	<u>25,487</u>	<u>16.30%</u>	<u>17,197</u>	<u>11.10%</u>
Agency	20,609	13.20%	23,079	14.90%
Other Government - AAA	361	0.20%	434	0.30%
Asset-backed - AAA	1,614	1.00%	281	0.20%
Mortgages:				
CMBS - AAA	6,494	4.10%	8,323	5.40%
CMO - AAA	-	-	4,529	2.90%
FHLMC - AAA	19,276	12.30%	18,564	12.00%
FNMA - AAA	18,276	11.70%	18,846	12.20%
GNMA	<u>1,575</u>	<u>1.00%</u>	<u>1,337</u>	<u>0.90%</u>
Mortgages sub-total	<u>45,621</u>	<u>29.10%</u>	<u>51,599</u>	<u>33.40%</u>
Aaa	-	-	37	0.00%
Aa	5,754	3.70%	10,549	6.80%
A	32,398	20.70%	31,327	20.20%
Baa	17,833	11.40%	13,947	9.00%
Ba	2,155	1.40%	2,070	1.30%
Not Rated	-	-	129	0.10%
Cash	<u>4,737</u>	<u>3.00%</u>	<u>4,123</u>	<u>2.70%</u>
Grand Total	<u>\$ 156,570</u>	<u>100.00%</u>	<u>\$ 154,772</u>	<u>100.0%</u>

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011**

**Note 7 - 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. At September 30, the following summarizes the fair value and duration of the securities for each investment type (amounts are in the thousands).

<b><u>Investment Type</u></b>	<b>2012</b>		<b>2011</b>	
	<b>Fair Value (\$000)</b>	<b>Effective Duration (In Years)</b>	<b>Fair Value (\$000)</b>	<b>Effective Duration (In Years)</b>
Treasury Bonds	\$ 4,386	15.50	\$ 4,974	17.38
Treasury Notes	21,101	5.55	12,223	3.09
Treasury Bills	-	-	-	-
TIPS	-	-	-	-
Agency	20,609	3.25	23,079	3.87
Other Government	361	13.83	434	13.66
Asset Backed	1,614	1.39	281	0.08
CMBS	6,494	1.92	8,323	2.11
CMO	-	-	4,529	6.49
FHLMC	19,276	2.57	18,564	2.75
FNMA	18,276	2.35	18,846	2.85
GNMA	1,575	2.79	1,337	2.65
Corporate-Bank	10,583	2.96	10,125	3.42
Corporate-Finance	9,310	4.39	10,547	4.87
Corporate-Industrial	28,118	6.18	28,715	6.13
Corporate-Misc	1,285	8.28	-	0.00
Corporate- Transportation	990	7.34	1,326	6.79
Corporate-Comm Utility	2,366	4.41	4,220	5.49
Corporate-Electric Utility	1,734	4.06	988	6.72
Corporate-Gas Utility	-	-	-	-
Yankee-Finance	226	4.07	-	-
Yankee-Industrial	1,526	5.69	320	8.06
Yankee-Utility	-	-	-	-
Cash	4,737	-	4,123	0.01
High Yield	2,003	4.23	1,818	4.60
Foreign Bonds	-	-	-	-
<b>Total</b>	<b>\$ 156,570</b>	<b>4.68</b>	<b>\$ 154,772</b>	<b>4.67</b>



**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011**

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**Note 7 - Investments (cont'd)**

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

***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, 2012, the GESE Trust did not have any foreign denominated fixed income investments.

**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/S&P as a Baa/BBB or better.

The Board of Trustees for the GESE Trust has elected to hire outside investment professionals to manage the assets for the Staff Pension Plan. As of September 30, 2012 and 2011, the fixed income assets of the pension plan were invested in a mutual fund managed passively by Vanguard.

The value of the fixed income portfolio was \$885,579 for FY '12 and \$865,305 for FY '11. Vanguard manages the assets in accordance with the Investment policy Statement approved by the trustees. At September 30:

	<u>2012</u>		<u>2011</u>	
<u>Moody's Rating</u>	<u>Market Value</u> <u>(\$000)</u>	<u>Percent</u>	<u>Market Value</u> <u>(\$000)</u>	<u>Percent</u>
Government	\$ 696	79.00%	\$ 694	80.23%
Aaa	2	0.20%	2	0.22%
Aa	17	1.90%	27	3.12%
A	91	10.20%	79	9.13%
Baa	79	8.90%	63	7.30%
Other	-	-	-	-
Total	<u>\$ 885</u>	<u>100.00%</u>	<u>\$ 865</u>	<u>100.00%</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.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011**

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**Note 7 - Investments (cont'd)**

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

***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 market) 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. As of September 30, 2012 and September 30, 2011, the fixed income assets of the pension plan were invested in a mutual fund. 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 effective duration of the passive mutual fund is 4.85 years.

***Foreign Currency Risk***

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

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011**

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**Note 8 - Capital Assets, Net**

Capital assets consist of the following as of September 30:

	<u>2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>2012</u>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 262,143	\$ -	\$ -	\$ 262,143
Total capital assets, not being depreciated	<u>262,143</u>	<u>-</u>	<u>-</u>	<u>262,143</u>
<b>Capital assets, being depreciated:</b>				
Building and improvements	1,968,354	-	-	1,968,354
Improvements other than buildings	160,750	-	-	160,750
Furniture and equipment	<u>1,127,395</u>	<u>38,085</u>	<u>-</u>	<u>1,165,480</u>
Total capital assets, being depreciated	<u>3,256,499</u>	<u>38,085</u>	<u>-</u>	<u>3,556,727</u>
<b>Less accumulated depreciation for:</b>				
Building and improvements	283,773	44,113	-	283,773
Improvements other than buildings	49,244	8,387	-	49,244
Furniture and equipment	<u>942,342</u>	<u>73,991</u>	<u>-</u>	<u>1,016,333</u>
Total accumulated depreciation	<u>1,275,359</u>	<u>126,492</u>	<u>-</u>	<u>1,349,350</u>
Total capital assets, being depreciated, net	<u>1,981,140</u>	<u>126,492</u>	<u>-</u>	<u>1,401,852</u>
Total capital assets, (net of accumulated depreciation)	<u>\$ 2,243,283</u>	<u>\$ (88,407)</u>	<u>\$ -</u>	<u>\$ 2,154,875</u>

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011**

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**Note 8 - Capital Assets, Net (cont'd)**

Capital assets consist of the following as of September 30:

	<u>2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>2011</u>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 262,143	\$ -	\$ -	\$ 262,143
Total capital assets, not being depreciated	<u>262,143</u>	<u>-</u>	<u>-</u>	<u>262,143</u>
<b>Capital assets, being depreciated:</b>				
Building and improvements	1,944,034	24,320	-	1,968,354
Improvements other than buildings	152,741	11,241	(3,232)	160,750
Furniture and equipment	<u>1,133,033</u>	<u>18,362</u>	<u>(24,000)</u>	<u>1,127,395</u>
Total capital assets, being depreciated	<u>3,229,808</u>	<u>53,923</u>	<u>(27,232)</u>	<u>3,256,499</u>
<b>Less accumulated depreciation for:</b>				
Building and improvements	242,186	42,410	(823)	283,773
Improvements other than buildings	40,856	8,388	-	49,244
Furniture and equipment	<u>811,087</u>	<u>148,535</u>	<u>(17,280)</u>	<u>942,342</u>
Total accumulated depreciation	<u>1,094,129</u>	<u>199,333</u>	<u>(18,103)</u>	<u>1,275,359</u>
Total capital assets, being depreciated, net	<u>2,135,679</u>	<u>(145,410)</u>	<u>(9,129)</u>	<u>1,981,140</u>
Total capital assets, (net of accumulated depreciation)	<u>\$ 2,397,822</u>	<u>\$ (145,410)</u>	<u>\$ (9,129)</u>	<u>\$ 2,243,283</u>

Depreciation expense for the years ended September 30, 2012 and 2011 was \$126,492 and \$199,333, respectively.

**Note 9 - 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.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011**

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**Note 9 - Reimbursement Income from the City (cont'd)**

Such administrative costs for the years ended September 30, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
<b>Administrative costs:</b>		
Personnel services	\$ 1,426,842	\$ 1,389,676
Professional services	911,023	917,712
Seminar and travel	39,212	13,569
Office and administrative	112,655	118,900
Occupancy	<u>734,615</u>	<u>879,017</u>
Total administrative and other expenses	3,224,347	3,318,874
Capital asset purchases	38,085	53,923
Less: un-reimbursed depreciation and other expenses	<u>(157,983)</u>	<u>(187,965)</u>
Reimbursement income	<u>\$ 3,104,449</u>	<u>\$ 3,184,832</u>

**Note 10 - Plan Amendments**

**GESE Trust**

Effective October 1, 2012, all GESE Trust active members contribute 10% .

Effective September 30, 2012, for members not eligible to retire on that date, member retirement allowances shall not exceed the lesser of 100 percent of the member's average final compensation or an annual retirement allowance of \$80,000. Any member who has accrued a benefit in excess of the maximum benefit as of September 30, 2012 will retain that benefit but will not accrue any additional benefit.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012 AND 2011**

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**Note 10 - Plan Amendments (cont'd)**

A Backdrop benefit option shall be implemented on January 1, 2013. The Backdrop option shall replace the existing DROP program. The DROP will still be available to GESE Trust members eligible for normal retirement as of January 1, 2013 or vested as of October 1, 2010. The DROP is not available to any other GESE Trust member. The Backdrop is available to all GESE Trust members effective January 1, 2013. Under the Backdrop option a member can receive a lump sum payment in addition to a monthly pension annuity. The employee chooses to take a Backdrop at the end of his employment with the City as long as he or she Backdrops to any date after he/she reaches the Normal Retirement date. If the member elects the Backdrop option, the monthly benefit payable on the member's actual retirement date (when the member leaves City employment) is based on the benefit the member would have received had he or she left employment and retired on an earlier Normal Retirement (NR) date, referred to as the Backdrop date. In addition, the member will receive a lump sum payment equal to the accumulation of annuity payments he or she would have received during the Backdrop period had he or she elected to receive immediate pension annuity payments starting as of the Backdrop date. Annuity payments would be accumulated at the rate of 3% per year, compounded annually. The member's Backdrop date can be any date after his or her Normal Retirement Date and the Backdrop period can be as little as one year and as long as 7 years. If the member does not elect a Backdrop benefit option, his or her monthly retirement benefit will be calculated using his or her final average final compensation and creditable service as of the member's actual employment termination date. The participant may receive the accumulated Backdrop account balance upon electing the Backdrop and at the end of his or her employment. The Backdrop 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.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2012 AND 2011**

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
SEPTEMBER 30, 2012 AND 2011**

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

<b>Actuarial Valuation Date</b>	<b>(b)</b>		<b>Unfunded AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>(c) Covered Payroll</b>	<b>UAAL as Percentage of Covered Payroll (b)-(a)/(c)</b>
	<b>(a) Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age</b>				
10/1/11	\$600.7	\$845.1	\$244.4	71%	\$63.6	384%
10/1/10	\$653.0	\$840.9	\$187.9	78%	\$68.8	273%
10/1/09	\$645.6	\$780.6	\$135.0	83%	\$90.0	150%
10/1/08	\$691.8	\$808.6	\$116.8	85%	\$90.9	128%
10/1/07	\$664.1	\$770.2	\$106.1	86%	\$82.1	129%
10/1/06	\$618.5	\$732.0	\$113.5	84%	\$75.6	150%
10/1/05	\$588.5	\$746.3	\$157.8	79%	\$71.5	221%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Fiscal Year Ended September 30,</b>	<b>Annual Required Contributions</b>	<b>Percentage Contributed</b>
2012	\$25,973,331	100%
2011	\$20,232,513	100%
2010	\$24,037,093	100%
2009	\$23,191,828	100%
2008	\$22,762,902	100%
2007	\$24,229,028	100%
2006	\$22,018,443	100%
2005	\$19,003,415	100%

The information presented in the required supplementary schedules above was determined as part of the actuarial valuation at the date indicated. As of October 1, 2010, the equivalent single amortization period is 10 years. Additional information as of the latest actuarial valuation follows:

Valuation date to determine ARC	October 1, 2010
Actuarial cost method	Modified entry age normal
Amortization method	Level percent, closed
Remaining amortization period	7-18 years
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Investment rate of return	8.10%
Projected salary increases	5.25%
Payroll Growth	3.00%
Includes inflation at	3.50%
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  
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
SEPTEMBER 30, 2012 AND 2011**

---

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

<b>Actuarial Valuation Date</b>	<b>(a) Actuarial Value of Assets</b>	<b>(b) Actuarial Accrued Liability (AAL) - Entry Age</b>	<b>Unfunded AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>(c) Covered Payroll</b>	<b>UAAL as Percentage of Covered Payroll (b)-(a)/(c)</b>
10/1/11	\$-0-	\$5.8	\$5.8	0%	\$63.6	9%
10/1/10	\$-0-	\$5.7	\$5.7	0%	\$68.8	8%
10/1/09	\$-0-	\$5.8	\$5.8	0%	\$90.0	7%
10/1/08	\$-0-	\$5.1	\$5.1	0%	\$90.9	5%
10/1/07	\$-0-	\$8.6	\$8.6	0%	\$82.1	10%
10/1/06	\$-0-	\$8.0	\$8.0	0%	\$75.6	11%
10/1/05	\$-0-	\$8.4	\$8.4	0%	\$71.5	12%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Fiscal Year Ended September 30,</b>	<b>Annual Required Contributions</b>	<b>Percentage Contributed</b>
2012	\$ 606,589	85%
2011	\$ 585,357	69%
2010	\$ 625,539	54%
2009	\$ 566,046	82%
2008	\$ 898,149	50%
2007	\$ 823,371	58%
2006	\$ 824,766	56%
2005	\$ 818,446	58%

The information presented in the required supplementary schedules above was determined as part of the actuarial valuation at the date indicated. As of October 1, 2011, the equivalent single amortization period is 19 years. Additional information as of the latest actuarial valuation follows:

Valuation date to determine ARC	October 1, 2011
Actuarial cost method	Modified entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	19 years
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	8.10%
Projected salary increases	Variable by Years of Service
Includes inflation at	3.50%
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  
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
SEPTEMBER 30, 2012 AND 2011**

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

<u>Actuarial Valuation Date</u>	(a)	(b)	<u>Unfunded AAL (UAAL) (b) - (a)</u>	<u>Funded Ratio (a) / (b)</u>	(c)	<u>UAAL as Percentage of Covered Payroll (b)-(a)/(c)</u>
	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>			<u>Covered Payroll</u>	
10/1/11	\$2,137.0	\$3,139.9	\$1,002.9	68%	\$735.0	136%
10/1/10	\$1,834.6	\$2,827.0	\$992.4	65%	\$843.0	118%
10/1/09	\$1,556.7	\$2,121.8	\$565.1	73%	\$738.9	76%
10/1/08	\$1,313.4	\$1,748.1	\$434.7	75%	\$632.2	69%
10/1/07	\$1,138.7	\$1,622.7	\$484.1	70%	\$734.1	66%
10/1/06	\$ 939.7	\$1,129.3	\$189.6	83%	\$643.8	29%
10/1/05	\$ 768.3	\$1,084.3	\$316.0	71%	\$455.2	69%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year Ended September 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2012	\$226,793	100%
2011	\$164,490	100%
2010	\$132,542	100%
2009	\$159,837	100%
2008	\$109,163	100%
2007	\$ 57,995	100%
2006	\$ 72,380	100%
2005	\$ 99,779	100%

The information presented in the required supplementary schedules above was determined as part of the actuarial valuation at the date indicated. As of October 1, 2010, the equivalent single amortization period is 13 years. Additional information as of the latest actuarial valuation follows:

Valuation date to determine ARC	October 1, 2010
Actuarial cost method	Modified entry age normal
Amortization method	Level dollar amounts, closed
Equivalent single amortization period	13 years
Remaining amortization period	5 - 20 years
Asset valuation method	3 year smoothed market
Actuarial assumptions:	
Investment rate of return	8.10%
Projected salary increases	6.00%
Includes inflation at	3.50%
Cost of living adjustments	None

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# **Supporting Schedules**

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
SCHEDULE OF ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<b>GESE Trust</b>	<b>Excess Benefits</b>	<b>Combined Total</b>
<b>Personnel Services:</b>			
Salaries & Wages	\$ 860,969	\$ 45,788	\$ 906,757
Payroll Taxes	64,320	4,579	68,898
Insurance	216,318	2,076	218,394
Retirement	226,793		226,793
Car Allowance	6,000		6,000
Total Personnel Services	<u>1,374,400</u>	<u>52,443</u>	<u>1,426,843</u>
<b>Professional Services:</b>			
Investment Custodian	189,039		189,039
Investment Consulting	266,303		266,303
Legal Counsel	87,000		87,000
Actuarial	223,325	25,360	248,685
Audit	62,500		62,500
Other	57,310	186	57,496
Total Professional Services	<u>885,477</u>	<u>25,546</u>	<u>911,023</u>
<b>Seminar and Travel</b>			
Meetings	20,000		20,000
Education and Travel	14,637		14,637
Travel and Auto	4,575		4,575
Total Seminar and Travel	<u>39,212</u>	<u>-</u>	<u>39,212</u>
<b>Office and Administrative</b>			
Printing	9,608		9,608
Advertising	1,077		1,077
Postage & Courier Services	14,025	250	14,275
Fidelity Insurance	100,966	1,600	102,566
Office Supplies	7,855	450	8,305
Publications and memberships	3,055		3,055
Other	72		72
Total Office and Administrative	<u>136,657</u>	<u>2,300</u>	<u>138,957</u>
<b>Occupancy</b>			
Utilities	12,588	280	12,868
Telecommunications	37,897	400	38,297
Property Insurance	24,253		24,253
Repairs & Maintenance	490,070	18,324	508,394
Rental	36,878		36,878
Furniture and Equipment	10,560	5,040	15,600
Depreciation	126,042	450	126,492
Other	4,414		4,414
Total Occupancy	<u>742,702</u>	<u>24,494</u>	<u>767,196</u>
<b>Total Administrative Expenses</b>	<b><u>\$ 3,178,449</u></b>	<b><u>\$ 104,783</u></b>	<b><u>\$ 3,283,232</u></b>

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

**SCHEDULE OF INVESTMENT AND CONSULTANT EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<b><u>Investment Manager</u></b>	<b><u>Investment Style</u></b>	<b><u>Fee Amount</u></b>
Atlanta Capital Management Co., LLC	Equity - Large Cap Growth	\$ 518,578
Cooke & Bieler	Equity - Large Cap Value	321,476
Thompson, Siegel & Walmsley, Inc.	Equity - Large Cap Value	71,115
Cramer Rosenthal McGlynn LLC	Equity - Small Cap Value	267,715
State Street Global Advisors	Equity - S&P 500 Index	19,702
Insight Capital	Equity - Small Cap Growth	48,733
Invesco Capital Management	Equity - International	161,797
Herndon Capital	Equity - International	37,954
Baring International	Equity - International	40,366
Axiom International Investors LLC	Equity - International	136,273
Equity Managers		<u>1,623,709</u>
Seix Investment Advisors	Fixed Income - Aggregate	83,937
Richmond Capital Management	Fixed Income - Aggregate	190,432
Chicago Equity Partners	Fixed Income - Intermediate	89,879
Fixed Income Managers		<u>364,249</u>
EII Realty Securities, Inc.	Real Estate Investment Trust	141,457
Real Estate Managers		<u>141,457</u>
<b>Total GESE Trust</b>		<b><u>2,129,415</u></b>
Vanguard Funds	Mutual Funds	-
		<u>-</u>
<b>Total Staff Trust</b>		<b><u>-</u></b>
<b>Total Investment Expenses</b>		<b><u>\$ 2,129,415</u></b>

**Payments to Consultants <sup>1</sup>:**

	<b><u>Nature of Service</u></b>	
Cavanaugh Macdonald Consulting	Actuarial Services	223,325
Sharpton, Brunson & Company	Audit Services	62,500
Computer Consultant	General IT	37,110
Computer Consultant	Pension Gold	51,367
Ronald A. Silver	Legal Counsel	87,000
<b>Total GESE Trust</b>		<b><u>461,302</u></b>
Cavanaugh Macdonald	Actuarial Services	
	Excess Benefit Plan	25,360
Computer Consultant	Pension Gold	186
		<u>25,546</u>
<b>Total Consultant Expenses <sup>2</sup></b>		<b><u>\$ 486,848</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 12.

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# Investment Section



# SOUTHEASTERN ADVISORY SERVICES, INC.

Registered Investment Advisor



Hilda A. Thompson  
hthompsons@seadvisory.com  
404 237 3156 direct  
404 237 2650 fax

March 20, 2013

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.

For the twelve-month period ending September 30, 2012, the fund earned an annual return of 18.0% gross of fees, which was greater than the actuarial rate objective. The fund ranked at the 28th percentile and underperformed the unmanaged index which returned 19.6%. The broad equity market (as measured by the S&P 500) earned 30.2% for the fiscal year, while fixed income (Barclay's Aggregate) was up 5.2%. Historical performance remains competitive, posting an annualized 8.1% 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 MANAGED TRUSTS  
INVESTMENT POLICIES  
SEPTEMBER 30, 2012**

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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 54, 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 may be conducted periodically. 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 MANAGED TRUSTS  
INVESTMENT POLICIES  
SEPTEMBER 30, 2012**

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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. 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, 2010, 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 seven percent (at market) 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 MANAGED TRUSTS  
INVESTMENT POLICIES  
SEPTEMBER 30, 2012**

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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 seven percent (at market) 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 5 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 MANAGED TRUSTS  
INVESTMENT POLICIES  
SEPTEMBER 30, 2012**

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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 percent (at market) 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 May 25, 2011, 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. Investments into mutual 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, 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 7 percent (at market) 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 MANAGED TRUSTS  
INVESTMENT POLICIES  
SEPTEMBER 30, 2012**

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

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

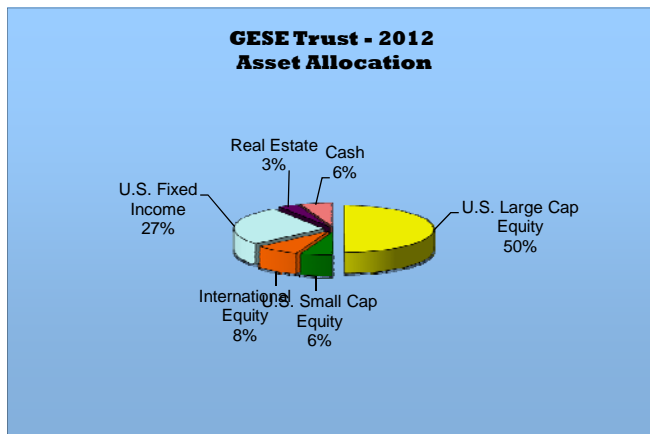
Acceptable fixed income instruments are commercial paper of only the highest quality, certificate of deposit of the top 100 national banks, bankers acceptances, United States Treasuries, repurchase agreements or debt instruments issued or guaranteed by the U.S. Government or agencies, investment grade 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 MANAGED TRUSTS**

**SUMMARY OF ASSET ALLOCATION**

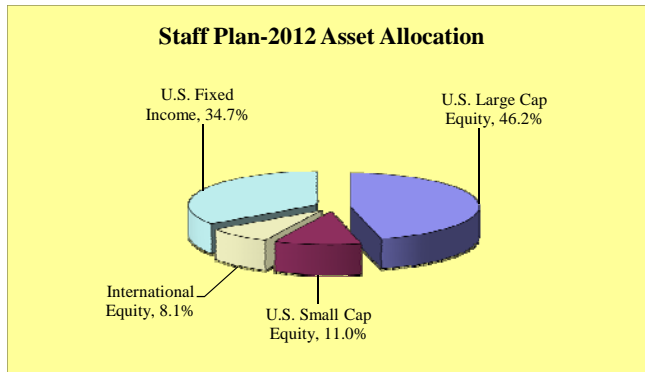
**GESE Trust Summary of Asset Allocation**

	Policy Guidelines						Actual				
	11/01 to 3/05		3/05 to 9/10		9/11 to current		September 30,				
	Target	Range	Target	Range	Target	Range	2012	2011	2010	2009	2008
<b>U.S. Large Cap Equity</b>	50%	40-60%	45%	35-55%	42%	35-55%	49.9%	47.3%	47.5%	47.4%	47.5%
<b>U.S. Small Cap Equity</b>	10%	0-15%	10%	0-15%	10%	0-15%	5.8%	5.2%	5.2%	6.6%	7.1%
<b>International Equity</b>	10%	0-15%	10%	0-15%	13%	0-15%	8.0%	8.6%	9.6%	9.5%	8.7%
<b>U.S. Fixed Income</b>	25%	20-40%	29%	20-40%	29%	20-40%	26.9%	29.3%	29.1%	26.7%	25.2%
<b>Real Estate</b>	5%	0-10%	5%	0-10%	5%	0-10%	3.5%	5.0%	5.5%	5.1%	7.9%
<b>Cash</b>	0%	0-15%	1%	0-15%	1%	0-15%	5.8%	4.6%	3.1%	4.7%	3.6%
							100%	100%	100%	100%	100%



**Staff Plan Summary of Asset Allocation**

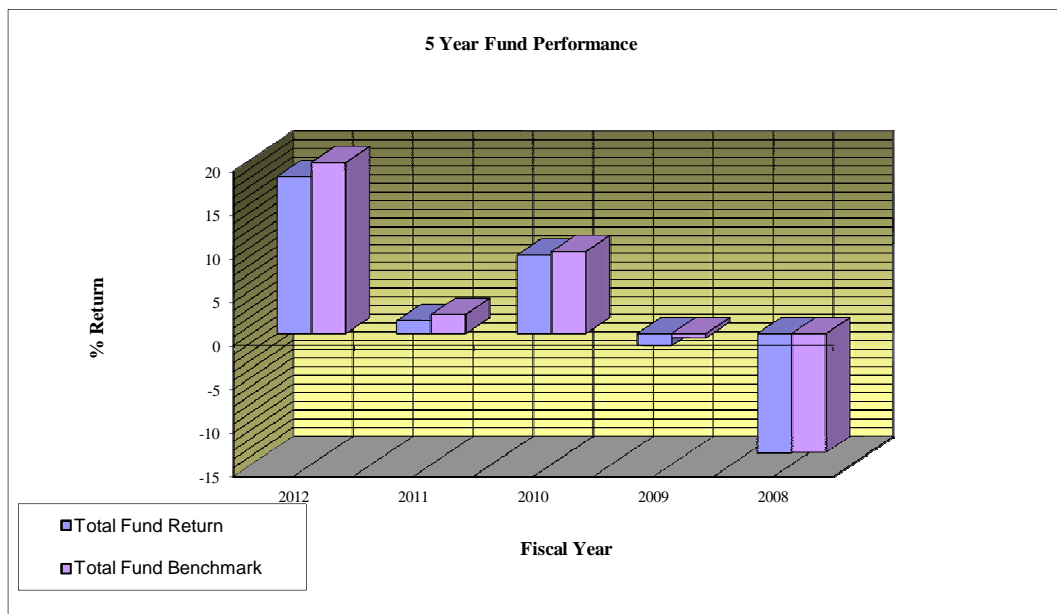
	Policy Guidelines				Actual				
	4/01 to 9/07		9/10 to current		September 30,				
	Target	Range	Target	Range	2012	2011	2010	2009	2008
<b>U.S. Large Cap Equity</b>	50%	40-60%	42%	25-70%	46.2%	40.1%	39.5%	38.3%	40.4%
<b>U.S. Small Cap Equity</b>			10%	0-25%	11.0%	9.4%	9.7%	9.1%	9.3%
<b>International Equity</b>			13%	0-25%	8.1%	7.7%	8.8%	8.7%	8.0%
<b>U.S. Fixed Income</b>	50%	40-60%	35%	20-70%	34.7%	42.8%	42.0%	43.9%	42.3%
<b>Cash</b>	0%	0-10%	0%	0-10%	0.0%	0.0%	0.0%	0.0%	0.0%
					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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>Annualized Return (%)</u>	
						<u>3 Years</u>	<u>5 Years</u>
						<u>2010-2012</u>	<u>2008-2012</u>
<b>Equities</b>							
Fund Return - Domestic Equities	26.7	0.8	8.9	-6.5	-18.9	11.6	1.1
Fund Return - International Equities	10.0	-11.6	4.5	3.6	-30.2	0.5	-6.0
S&P 500	30.2	1.2	10.2	-6.9	-22.0	13.2	1.1
Dow Jones	23.1	1.2	11.1	-7.4	-21.9	11.4	-0.7
Russell 2500 Mid-Cap	30.9	-2.2	15.9	-5.7	-18.0	14.1	2.8
Russell 2000 - Small Stock	31.9	-3.5	13.4	-9.6	-14.5	13.0	2.2
MSCI EAFE - Non US Stocks	13.8	-9.4	3.3	3.2	-30.5	21.1	-5.2
<b>Fixed Income</b>							
Fund Return - Fixed Income	5.6	5.4	8.6	15.3	1.8	6.5	7.2
Barclays U.S. - Aggregate	5.2	5.3	8.2	10.6	3.7	6.2	6.5
Barclays - Mortgage Backed	3.7	5.7	5.8	9.9	7.0	5.1	6.4
Barclays Intermediate - Govt/Credit	4.4	3.4	7.8	10.0	2.4	5.2	5.7
T-Bills - 91 Days	0.1	0.1	0.1	0.4	2.9	0.1	0.7
<b>Real Estate</b>							
Fund Return - Real Estate	25.1	9.1	16.4	-37.3	-2.2	16.7	-0.5
FR NCREIF Index	11.0	16.1	5.8	-22.1	5.3	10.9	2.3
NAREIT	34.4	1.1	28.3	-25.3	-13.0	20.3	2.5
<b>Total Fund Return</b>	<b>18.0</b>	<b>1.5</b>	<b>9.0</b>	<b>-1.4</b>	<b>-13.7</b>	<b>9.3</b>	<b>2.1</b>
<b>Total Fund Benchmark</b>	<b>19.6</b>	<b>2.2</b>	<b>9.4</b>	<b>-0.5</b>	<b>-13.6</b>	<b>10.1</b>	<b>2.8</b>



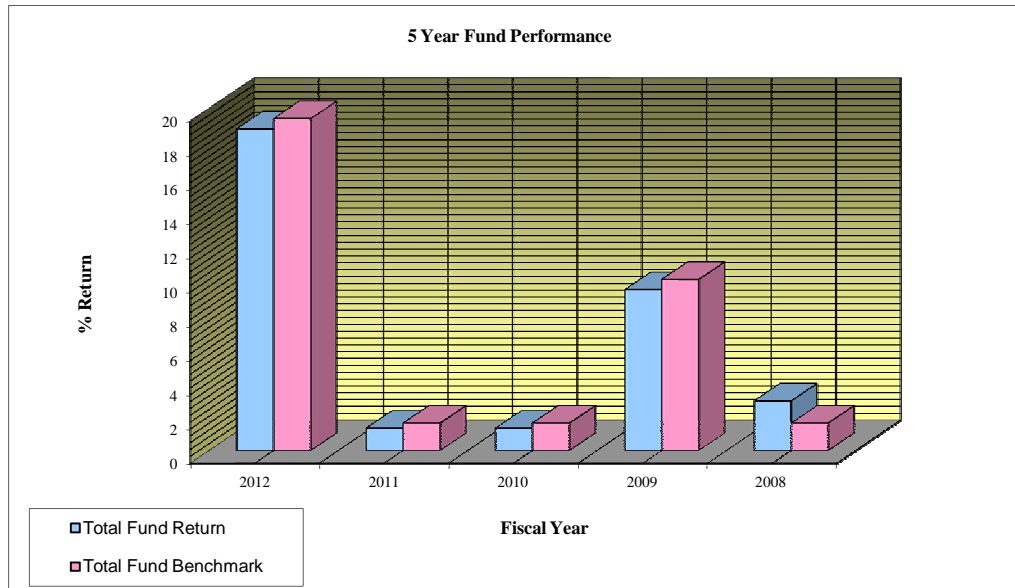
Note: Rate of Returns are time weighted & gross of fees. Based on rate of return in accordance with the CFA Institute's Performance Presentation Standards.



**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
	2012	2011	2010	2009	2008	2010-2012	2008-2012
<b>Equities</b>							
Fund Return - Domestic Equities	30.6	0.5	10.9	-5.5	-23.0	13.4	1.2
S&P 500	30.2	1.2	10.2	-6.9	-22.0	13.2	1.1
Russell 1000 - Growth Stock	29.2	3.8	12.7	-1.9	-20.9	14.7	3.2
Dow Jones	23.1	1.2	11.1	-7.4	-21.9	11.4	-0.7
<b>Fixed Income</b>							
Fund Return - Fixed Income	5.1	5.2	8.1	10.3	4.2	6.1	6.5
Barclays U.S. - Aggregate	5.2	5.3	8.2	10.6	3.7	6.2	6.5
Barclays - Mortgage Backed	3.7	5.7	5.8	9.9	7.0	5.1	6.4
Barclays - Government/Credit	5.7	5.1	8.7	10.0	2.4	6.5	6.6
<b>Cash Equivalent (Money Market Funds)</b>							
Fund Return	N/A	N/A	N/A	N/A	N/A	N/A	N/A
T-Bills - 91 Days	0.1	0.1	0.1	0.4	2.9	0.1	0.7
Total Fund Return	18.8	1.3	1.3	9.4	2.9	9.6	2.9
<b>Total Fund Benchmark</b>	19.4	1.6	1.6	10.0	1.6	10.0	3.2



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 MANAGED TRUSTS**

**GESE TRUST - LIST OF LARGEST ASSETS HELD  
SEPTEMBER 30, 2012**

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

	<u>Shares</u>	<u>Stocks</u>		<u>Fair Value</u>
1)	9,561	Apple Inc	\$	6,379,673
2)	80,110	Qualcomm Inc		5,006,074
3)	136,370	Wells Fargo		4,708,856
4)	50,970	Allegan		4,667,833
5)	44,130	Monsanto		4,016,713
6)	42,624	McDonalds Corp		3,910,752
7)	102,980	Coca Cola		3,906,031
8)	57,211	Gilead Science		3,794,806
9)	161,930	Genral Electric		3,677,430
10)	4,720	Google Inc		3,561,240

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

	<u>Par</u>	<u>Bonds</u>	<u>Coupon</u>	<u>Maturity</u>		<u>Fair Value</u>
1)	4,319,000	US Treasury	1.00%	3/31/2017	\$	4,405,380
2)	2,865,000	US Treasury	3.13%	5/15/2021		3,275,067
3)	3,163,000	US Treasury	0.50%	10/15/2014		3,179,068
4)	2,765,000	US Treasury	2.00%	2/15/2022		2,875,821
5)	2,720,000	US Treasury	1.63%	8/15/2022		2,717,035
6)	1,910,000	FHLN	5.38%	5/18/2016		2,240,545
7)	1,880,000	Freddie Mac	3.75%	3/27/2019		2,190,858
8)	2,153,000	US Treasury	0.50%	11/30/2012		2,154,356
9)	1,895,000	Freddie Mac	4.50%	1/15/2014		1,998,315
10)	1,620,000	Fannie Mae	5.00%	5/11/2017		1,932,142

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

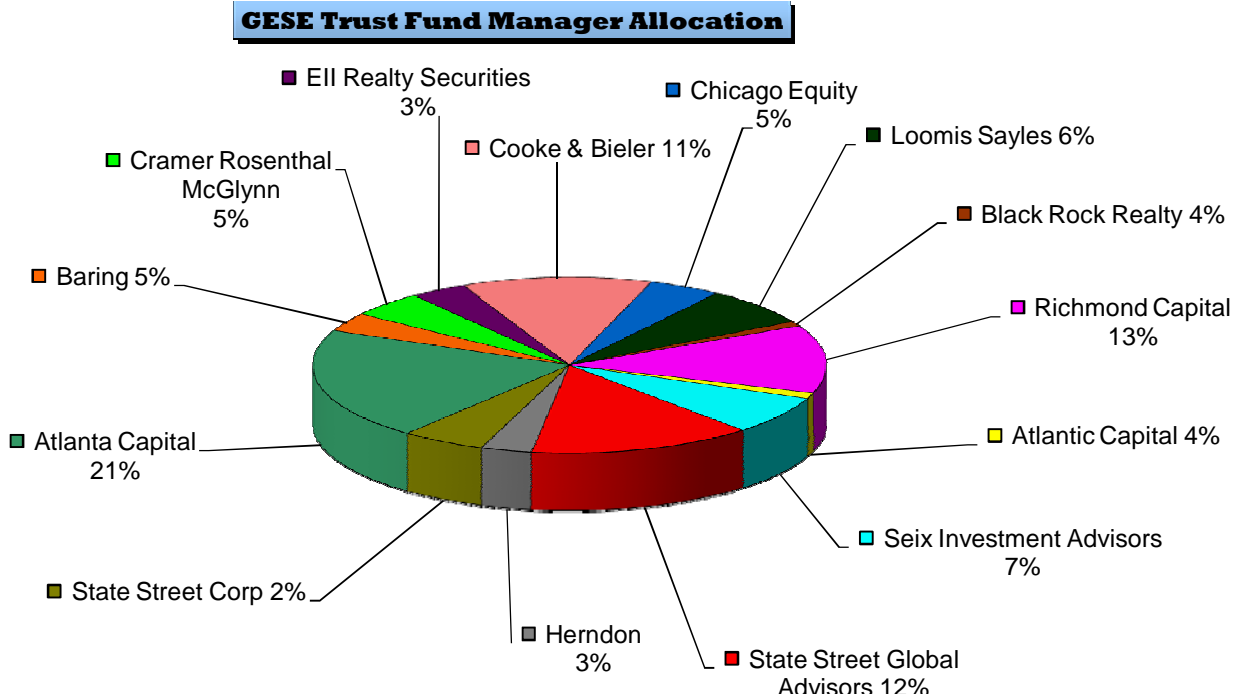
	<u>Shares</u>	<u>Stocks</u>		<u>Fair Value</u>
1)	79,275	Vanguard Total Bond	\$	885,580
2)	8,904	Vanguard 500 Index		1,182,773
3)	7,308	Vanguard Small Cap		280,635
4)	8,658	Vanguard Total International		208,378

Complete list of holding available upon request.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
FUND MANAGER ALLOCATION  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<u>Investment Manager</u>	<u>Fair Value</u>	<u>Fund Allocation</u>	<u>Performance*</u>		
			<u>Fund Return</u>	<u>Style Benchmark</u>	<u>Universe Ranking</u>
<b>GESE Trust</b>					
<b>Domestic Equity Segment</b>	<b>313,739,675</b>	<b>55.6%</b>	<b>26.7%</b>	<b>30.2%</b>	<b>41</b>
Atlanta Capital Management	\$ 116,340,177	20.6%	25.9%	29.2%	65
Insight Capital	6,034,483	1.1%	24.5%	31.2%	89
Cooke & Bieler	67,306,757	11.9%	23.8%	30.9%	70
Cramer Rosenthal McGlynn	26,582,511	4.7%	27.4%	32.6%	71
State Street Global Advisors	79,480,412	14.1%	30.1%	30.2%	52
Herndon Capital	17,995,336	3.2%	N/A	30.9%	N/A
<b>International Equity Segment</b>	<b>45,160,093</b>	<b>8.0%</b>	<b>10.0%</b>	<b>10.0%</b>	<b>91</b>
Baring International	19,514,704	3.5%	N/A	13.8%	N/A
Invesco Capital Management	25,645,389	4.5%	10.9%	13.8%	90
<b>Real Estate Segment</b>	<b>25,096,325</b>	<b>4.4%</b>	<b>25.1%</b>	<b>25.1%</b>	<b>28</b>
BlackRock Realty	5,140,220	0.9%	11.0%	11.0%	59
EII Realty Securities, Inc.	19,956,105	3.5%	33.9%	34.4%	8
<b>Fixed Income Segment</b>	<b>150,217,654</b>	<b>26.6%</b>	<b>5.6%</b>	<b>5.6%</b>	<b>79</b>
Chicago Equity Partners	39,553,581	7.0%	3.6%	4.4%	93
Richmond Capital Management	70,878,502	12.6%	6.5%	5.2%	61
Seix Investment Advisors	39,785,571	7.1%	5.9%	5.2%	80
<b>Cash Equivalents Administrative account</b>					
State Street Corporation	29,831,876	5.3%	0.1%	0.1%	61
<b>TOTAL GESE Trust</b>	<b>\$ 564,045,623</b>	<b>100.0%</b>	<b>18.0%</b>	<b>19.6%</b>	<b>28</b>
	<b>564,045,623</b>				

Source: Southeastern Advisory Services, Inc. - Manager universe and style categorization but not market values  
Performance represents a one year return

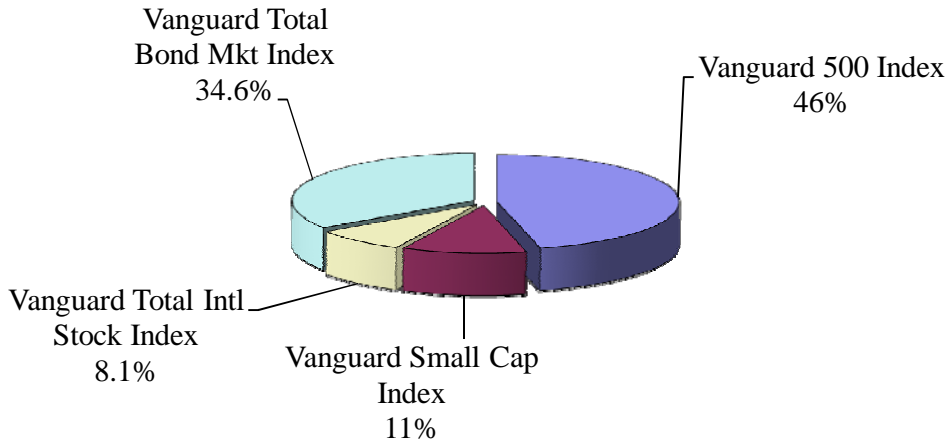


**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
FUND MANAGER ALLOCATION  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<u>Investment Manager</u>	<u>Fair Value</u>	<u>Fund Allocation</u>	<u>Performance*</u>		
			<u>Fund Return</u>	<u>Style Benchmark</u>	<u>Universe Ranking</u>
<b>Staff Plan</b>					
<b>Domestic Equity Segment</b>	<b>1,463,408</b>	<b>57.2%</b>	<b>30.6%</b>	<b>30.5%</b>	<b>15</b>
Vanguard 500 Index	\$ 1,182,773	46.2%	30.2%	30.2%	21
Vanguard Small Cap Index	280,635	11.0%	32.5%	31.9%	23
<b>International Equity Segment</b>	<b>208,378</b>	<b>8.1%</b>			
Vanguard Total Intl Stock Index	208,378	8.1%	15.5%	14.5%	52
<b>Fixed Income Segment</b>	<b>885,580</b>	<b>34.6%</b>	<b>8.1%</b>	<b>8.2%</b>	<b>20</b>
Vanguard Total Bond Mkt Index	885,580	34.6%	5.1%	5.2%	87
<b>Cash Equivalents Administrative account</b>					
<b>TOTAL Staff Trust</b>	<b>\$ 2,557,365</b>	<b>100.0%</b>	<b>18.8%</b>	<b>19.4%</b>	<b>23</b>

Source: Southeastern Advisory Services, Inc. - Manager universe and style categorization but not market value  
Performance represents a one year return

**Staff Plan Manager Allocation**



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

**SCHEDULE OF INVESTMENT FEES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<b><u>Investment Manager's Style</u></b>	<b><u>Assets Under Management</u></b>	<b><u>Investment Fees</u></b>
<b><i>GESE Trust</i></b>		
Equity Managers	\$ 358,899,769	\$ 1,623,709
Fixed Income Managers	66,133,102	364,249
Real Estate Managers	25,096,325	141,457
Money Market Funds	<u>113,916,427</u>	<u>-</u>
Total GESE Trust	<b><u>\$ 564,045,623</u></b>	<b><u>\$ 2,129,415</u></b>
	\$ -	
<b><i>Staff Plan</i></b>		
Vanguard Funds	\$ 2,557,365	\$ -
	<u>-</u>	<u>-</u>
Total Staff Plan	<b><u>\$ 2,557,365</u></b>	<b><u>\$ -</u></b>
<b>Total Investments</b>	<b><u>\$ 566,602,988</u></b>	
<b>Total Investment Expenses</b>		<b><u>\$ 2,129,415</u></b>
 <b><u>Other Investment Service Fees GESE Trust</u></b>		
Custodian		\$ 189,039
Investment Consultant		<u>266,303</u>
<b>Total Other Investment Service Fees <sup>1</sup></b>		<b><u>\$ 455,342</u></b>

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

**CITY OF MIAMI GENERAL EMPLOYEES' & SANITATION EMPLOYEES' RETIREMENT TRUST  
AND OTHER MANAGED TRUSTS  
SCHEDULE OF COMMISSIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Broker Name	Number of Shares		Total	Commissions per Share
	Traded		Commission	
ABEL NOSER CORPORATION	18,080.00		307.36	0.0170
ALBERT FRIED & COMPANY LLC	16,400.00		820.00	0.0500
ANCORA SECIRITIES INC	6,900.00		276.00	0.0400
AQUA SECURITIES LP	7,500.00		150.00	0.0200
AVIAN SECURITIES	326,832.00		16,117.60	0.0493
AVONDALE PARTNERS LLC	7,600.00		304.00	0.0400
B.RILEY & CO., LLC	9,700.00		194.00	0.0200
BARCLAYS CAPITAL LE	292,271.00		9,978.92	0.0341
BLUEFIN RESEARCH PARTNER INC.	5,900.00		118.00	0.0200
BMO CAPITAL MARKETS	9,900.00		372.00	0.0376
BNY CONVERGEX LJR	14,590.00		656.55	0.0450
BOE SECURITIES INC/BROADCORT CAP CORP	20,166.00		604.98	0.0300
BREAN MURRAY, CARRET& CO., LLC	43,100.00		1,717.00	0.0398
BROADCORTCAPITAL (THRU ML)	464,580.00		13,671.45	0.0294
BTIG, LLC	23,900.00		511.00	0.0214
BUCKINGHAM RESEARCH GROUP INC	10,450.00		418.00	0.0400
BURKE ANDQUICK PARTNERS LLC	3,800.00		152.00	0.0400
CABRERA CAPITAL MARKETS	39,391.00		1,181.73	0.0300
CANTOR FITZGERALD & CO / CASTLEOAK SEC	17,404.00		402.18	0.0231
CANTOR FITZGERALD + CO.	80,700.00		1,507.13	0.0187
CAPITAL INSTITUTIONAL SVCS INC EQUITIES	19,014.00		506.62	0.0266
CARIS + COMPANY INC	2,900.00		116.00	0.0400
CHARLES RIVER BROKERAGE	1,700.00		21.25	0.0125
CITIGROUPGLOBAL MARKETS INC	150,859.00		5,708.36	0.0378
CONVERGEXEXECUTION SOLUTIONS LLC	247,898.00		2,774.53	0.0112
COWEN ANDCOMPANY, LLC	51,760.00		1,197.20	0.0231
CRAIG - HALLUM	12,800.00		512.00	0.0400
CREDIT RESEARCH + TRADING LLC	81,083.00		4,054.15	0.0500
CREDIT SUISSE SECURITIES (USA) LLC	32,986,263.58		3,975.87	0.0001
DAHLMAN ROSE + COMPANY LLC	17,100.00		634.00	0.0371
DAVENPORT& CO. OF VIRGINIA, INC.	900.00		36.00	0.0400
DEUTSCHE BANK SECURITIES INC	2,018,283.90		3,494.16	0.0017
DIRECT ACCESS PARTNERS LLC	18,517.00		537.21	0.0290
EVERCORE GROUP LLC	1,100.00		44.00	0.0400
FIDELITY CAPITAL MARKETS	36,000.00		877.50	0.0244
GOLDMAN SACHS + CO	12,268,996.34		5,940.30	0.0005
GOLDMAN SACHS INTERNATIONAL	215,770.00		1,922.08	0.0089
GORDON, HASKETT & COMPANY	1,100.00		44.00	0.0400
GREEN STREET ADVISORS	6,600.00		330.00	0.0500
HOWARD WEIL DIVISION LEGG MASON	7,900.00		302.00	0.0382
INSTINET	294,001.00		1,827.14	0.0062
INVESTMENT TECHNOLOGY GROUP INC.	299,213.00		2,800.81	0.0094
ISI GROUPINC	97,120.00		4,616.90	0.0475
ISLAND TRADER SECURITIES INC	500.00		20.00	0.0400
J.P. MORGAN SECURITIES INC.	205,174.00		7,492.44	0.0365
JANNEY MONTGOMERY, SCOTT INC	3,700.00		148.00	0.0400
JEFFERIES+ COMPANY INC	168,995.00		7,119.65	0.0421
JMP SECURITIES	1,900.00		61.00	0.0321
JNK SECURITIES INC	4,150.00		145.25	0.0350
JOHNSON RICE + CO	1,300.00		52.00	0.0400
JONESTRADING INSTITUTIONAL SERVICES LLC	104,666.00		2,103.82	0.0201
KEEFE BRUYETTE + WOODS INC	89,799.00		2,892.48	0.0322
KEYBANC CAPITAL MARKETS INC	98,349.00		3,295.46	0.0335
KING, CL,& ASSOCIATES, INC	19,150.00		731.50	0.0382
KNIGHT CLEARING SERVICES LLC	15,114.00		453.42	0.0300

**CITY OF MIAMI GENERAL EMPLOYEES' & SANITATION EMPLOYEES' RETIREMENT TRUST  
AND OTHER MANAGED TRUSTS  
SCHEDULE OF COMMISSIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

Broker Name	Number of Shares		Total Commission	Commissions per Share
	Traded			
KNIGHT DIRECT LLC	291,175.00		1,455.96	0.0050
KNIGHT EQUITY MARKETS L.P.	1,363,789.00		51,526.72	0.0378
LADENBURGTHALMAN + CO	2,600.00		104.00	0.0400
LAZARD CAPITAL MARKETS LLC	9,000.00		360.00	0.0400
LEERINK SWANN AND COMPANY	700.00		24.50	0.0350
LIQUIDNETINC	150,423.00		3,012.46	0.0200
LONGBOW SECURITIES LLC	14,450.00		578.00	0.0400
LOOP CAPITAL MARKETS	32,763.00		827.80	0.0253
MACQUARIESECURITIES (USA) INC	5,700.00		228.00	0.0400
MERRILL LYNCH PIERCE FENNER + SMITH INC	659,907.00		11,888.50	0.0180
MERRILL LYNCH PROFESSIONAL CLEARING CORP	605,825.00		675.38	0.0011
MKM PARTNERS LLC	2,425.00		71.00	0.0293
MORGAN KEEGAN & CO INC	23,000.00		1,150.00	0.0500
MORGAN STANLEY CO INCORPORATED	10,925,254.87		15,786.96	0.0014
MR BEAL & COMPANY	1,707.00		51.21	0.0300
MURPHY & DURIEU	64,500.00		1,290.00	0.0200
NATIONAL FINANCIAL SERVICES CORP.	1,100.00		44.00	0.0400
NEEDHAM +COMPANY	4,600.00		117.00	0.0254
NOMURA SECURITIES INTERNATIONAL INC	700.00		28.00	0.0400
OPPENHEIMER + CO. INC.	44,970.00		1,374.40	0.0306
PACIFIC CREST SECURITIES	80,430.00		3,517.35	0.0437
PERSHING LLC	1,135,645.50		1,760.00	0.0015
PICKERINGENERGY PARTNERS, INC	2,200.00		87.00	0.0395
PIPELINE TRADING SYSTEMS LLC	6,850.00		123.30	0.0180
PIPER JAFFRAY	132,455.00		2,865.10	0.0216
PRIME EXECUTIONS INC	10,100.00		505.00	0.0500
PULSE TRADING LLC	300.00		10.00	0.0333
RAYMOND JAMES AND ASSOCIATES INC	56,500.00		2,455.50	0.0435
RBC CAPITAL MARKETS	1,502,623.81		4,022.25	0.0027
ROBERT W.BAIRD CO.INCORPORATE	269,060.00		10,425.55	0.0387
ROCHDALE SEC CORP.(CLS THRU 443)	2,750.00		110.00	0.0400
SANDLER ONEILL + PART LP	9,660.00		269.70	0.0279
SANFORD CBERNSTEIN CO LLC	99,091.00		3,583.86	0.0362
SCOTT & STRINGFELLOW, INC	529,655.77		654.00	0.0012
SECURITY CAPITAL BROKERAGE INC	42,670.00		1,920.15	0.0450
SJ LEVINSON & SONS LLC	39,450.00		570.25	0.0145
SSB CUSTODIAN	209.00		6.27	0.0300
STATE STREET GLOBAL MARKETS	1,044,360.00		16,025.84	0.0153
STEPHENS,INC.	544,524.52		1,285.50	0.0024
STERNE AGEE & LEACH INC.	15,400.00		589.50	0.0383
STIFEL NICOLAUS + CO INC	195,480.00		6,945.10	0.0355
STUART FRANKEL + CO INC	5,610.00		168.30	0.0300
SUNTRUST CAPITAL MARKETS, INC.	51,070.00		1,734.65	0.0340
THE BENCHMARK COMPANY, LLC	11,075.00		221.50	0.0200
UBS SECURITIES LLC	6,693,250.00		4,517.25	0.0007
UNIX INC.	2,300.00		17.25	0.0075
WEDBUSH MORGAN SECURITIES INC	12,500.00		473.50	0.0379
WEEDEN + CO.	152,800.00		4,508.00	0.0295
WELLS FARGO SECURITIES, LLC	1,874,620.00		6,156.80	0.0033
WESTMINSTER RES ASOC/ BROADCORT CAPT CL	33,300.00		1,665.00	0.0500
WILLIAM BLAIR & COMPANY L.L.C	11,600.00		453.50	0.0391
TOTAL	79,740,968.29		284,487.86	0.029

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

**INVESTMENT SUMMARY  
SEPTEMBER 30, 2012**

<u>Type of Investment</u>	<u>GESE Trust</u>		<u>Staff Plan</u>	
	<u>Fair Value at 9/30/12</u>	<u>Percent of Total Fair Value</u>	<u>Fair Value at 9/30/12</u>	<u>Percent of Total Fair Value</u>
<b>Fixed Income</b>				
U.S. Government Obligations	\$25,370,275	4.50%		
Federal Instrumentalities	39,980,414	7.09%		
Mortgage Backed Securities	37,480,711	6.64%		
Asset Backed Securities	21,657,715	3.84%		
Domestic Corporate Bonds	53,461,737	9.48%		
Vanguard Total Bond Mkt			887,885	
International Bonds (Yankees)	1,783,535	0.32%		
<b>Total Fixed Income</b>	<u>\$179,734,386</u>	<u>31.87%</u>	<u>\$887,885</u>	<u>34.72%</u>
<b>Common Stock</b>				
Consumer	\$33,303,848	5.90%		
Energy	20,873,349	3.70%		
Financial	51,069,763	9.05%		
Healthcare	30,975,396	5.49%		
Industrials	36,067,582	6.39%		
Information Technology	41,232,512	7.31%		
Materials	12,972,626	2.30%		
Telecommunications & Utilities	5,265,738	0.93%		
International		0.00%	206,072	
Vanguard Small Cap Index			280,635	
Vanguard 500 Index			1,182,773	
Commingled Equity Fund	127,138,955	22.54%		
<b>Total Common Stock</b>	<u>\$358,899,769</u>	<u>63.63%</u>	<u>\$1,669,480</u>	<u>65.28%</u>
<b>Real Estate</b>				
Real Estate Fund	\$5,140,220	0.91%		
Real Estate Investment Trust	19,956,105	3.54%		
<b>Total Real Estate</b>	<u>\$25,096,325</u>	<u>4.45%</u>		
<b>Short term Investments</b>				
Short term Investment Fund	\$315,144	0.06%		0.00%
<b>TOTAL INVESTMENTS</b>	<u>\$564,045,623</u>	<u>100.00%</u>	<u>\$2,557,365</u>	<u>100.00%</u>

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

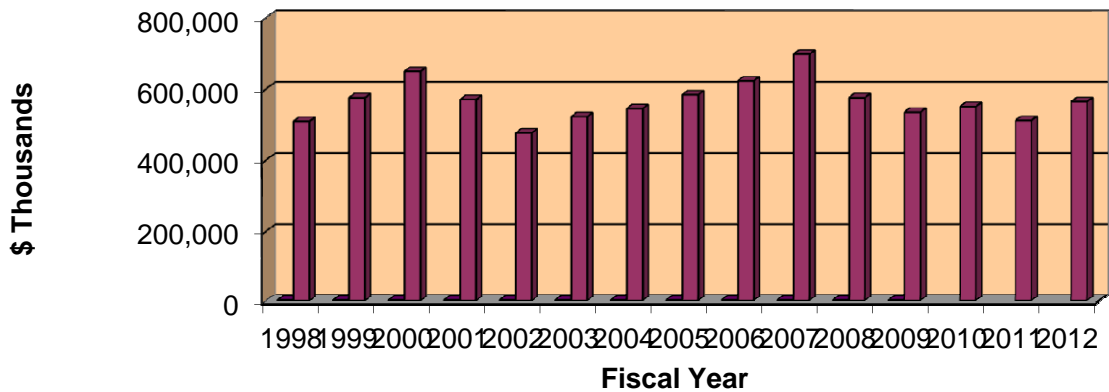


**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
HISTORICAL SUMMARY OF INVESTMENTS HELD AT FAIR VALUE**

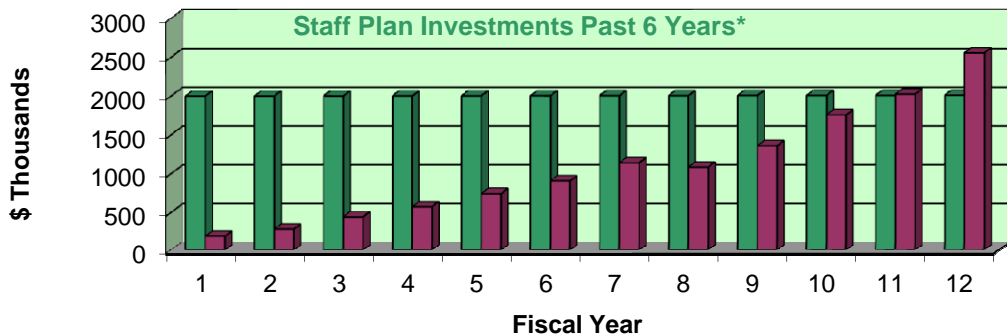
<u>Fiscal Year Ended September 30,</u>	<u>GESE Trust (\$ Thousands)</u>	<u>Staff Plan * (\$ Thousands)</u>
--	--------------------------------------	--

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
2007	697,627	1,142
2008	575,255	1,087
2009	534,686	1,361
2010	550,340	1,760
2011	511,483	2,027
2012	564,046	2,557

**GESE Trust Investments Past 10 Years**



**Staff Plan Investments Past 6 Years\***



# **Actuarial Section**



# Cavanaugh Macdonald

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March 15, 2013

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.

An actuarial valuation is performed annually to determine the contributions which satisfy the funding objective 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 percent of payroll over a maximum period of 20 years. The actuarial cost method is designed to achieve this objective.

The most recent annual actuarial valuation was prepared as of October 1, 2011. The actuarial assumptions, as set forth in Table XI of the actuary's October 1, 2011 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
  - Average benefit payments, last ten years

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Board of Trustees  
March 15, 2013  
Page 2

Note that the actuarial value of assets is based on a moving market value averaged over five years. The contribution amounts and the market value of assets used to develop the actuarial value of assets were reported to us by the Retirement Trust office. Member census data for the annual valuation was also furnished by the Retirement Trust office. We have reviewed the member census data for internal completeness and year-to-year consistency.

We believe the assumptions and methods used in the valuation produce results which are reasonable and meet the parameters set by Statement No. 25 of the Governmental Accounting Standards Board.

On the basis of the 2011 valuation, it is our opinion that the Retirement Trust continues in sound financial condition. To the best of my knowledge, the results of the 2011 actuarial valuation 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. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render this actuarial opinion.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Jose I. Fernandez', with a long, sweeping horizontal line extending to the right.

Jose I. Fernandez, ASA, EA, FCA, MAAA  
Principal and Consulting Actuary  
Enrolled Actuary No. 11-4461

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
SEPTEMBER 30, 2012**

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**GESE Trust – Actuarial Assumptions and Methods**

**Actuarial Cost Method of Valuation:**

The modified individual entry age normal cost method of valuation was used in determining actuarial liabilities and normal cost. This method was effective with the 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.

As of October 1, 1997, the unfunded actuarial accrued liability is zero. Currently, changes in actuarial assumptions and methods, plan amendments for actives and actuarial gains and losses are amortized as a level percent of pay over 20 years. Plan amendments for retirees are amortized over 15 years.

**Mortality Table:**

The mortality table used to calculate longevity is the UP-1994, Projected to 2018 (using scale AA) set forward one year for men and women prior to retirement, set forward two years after retirement and set forward eight years after retirement for disabled men and women.

**Actuarial Assumption Rates:**

- **Investment Return Rate** - The interest rate used in making the valuation was 8.00% per annum, compounded annually, including inflation, effective October 1, 2011. 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 that varies based on years of credited service. The assumed pay increases for the year beginning October 1, 2011 is 0%.
- **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 with a minimum and maximum of \$54 and \$400 per year, respectively, based on the plan provisions.

**Asset Valuation Method:**

The actuarial value of assets is based on a moving market value averaged over five years. Each year the expected return will be determined based on the beginning of year market value and the actual contributions and benefit payments at the assumed interest assumption. One fifth of the difference between the expected market value return and the actual market value return is included in the actuarial asset value at the valuation date. Four-fifths of the difference between the expected market value return and the actual market value return is deferred in even increments of 20% per year to each of the next four years as future adjustments to the actuarial asset value. The preliminary actuarial asset value will be the sum of the actuarial asset value as of the previous valuation date plus the actual contributions and benefits payments in the year ending on the current valuation date plus the expected return on market value return plus one-fifth of the cumulative differences between the expected and actual market value returns

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
SEPTEMBER 30, 2012**

---

over the five years up to the valuation date. The result cannot be greater than 120% of market value or less than 80% of market value.

**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 2012, which became effective with the October 1, 2012 valuation. The assumptions revised as a result of this study were to decrease the assumed rate of return over a five year period, change the assumed salary increase, and a decrease in disability rates.

**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.

Age	Completed Years of Service					
	0	1	2	3	4	5 or more
20	13.0%	12.0%	10.0%	8.0%	7.0%	5.8%
25	13.0%	12.0%	10.0%	8.0%	7.0%	5.1%
30	13.0%	12.0%	10.0%	8.0%	7.0%	4.5%
35	12.5%	11.5%	9.5%	7.7%	7.0%	3.9%
40	11.9%	10.9%	8.9%	7.1%	6.5%	3.1%
45	11.3%	10.3%	8.3%	6.5%	5.7%	2.5%
50	10.7%	9.7%	7.7%	5.9%	4.7%	2.0%
55	10.4%	9.4%	7.4%	5.6%	4.4%	1.5%

**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. 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	0.06%	40	0.10%	50	0.18%
25	0.03%	35	0.08%	45	0.13%	55	0.26%

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
SEPTEMBER 30, 2012**

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

**Probability Table of Retirement:**

Non-Backdrop Retirements

Representative values of the assumed annual rates of retirement among members in active service are set forth in the following table. 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	18%	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%

Rates of Backdrop Retirement Elections

The valuation assumes members will elect a five-year Backdrop.

Age	Years of Service								
	10-14	15-20	21	23	25	27	29	30	35
50								15%	
51							15%	15%	
52							15%	10%	
53						15%	10%	10%	
54						15%	10%	10%	
55					18%	10%	10%	10%	25%
56					18%	10%	10%	10%	25%
57				18%	10%	10%	10%	10%	25%
58				18%	10%	10%	10%	10%	25%
59			18%	10%	10%	10%	10%	10%	25%
60	18%	18%	18%	10%	10%	10%	10%	25%	25%
61	10%	10%	10%	10%	10%	10%	25%	25%	25%
62	10%	10%	10%	10%	10%	10%	25%	25%	25%
63	10%	10%	10%	10%	10%	25%	25%	25%	25%
64	10%	10%	10%	10%	10%	25%	25%	25%	25%
65	10%	25%	25%	25%	25%	25%	25%	25%	25%
66	10%	25%	25%	25%	25%	25%	25%	25%	25%
67	10%	25%	25%	25%	25%	25%	25%	25%	16%
68	10%	25%	25%	25%	25%	25%	25%	25%	16%
69	10%	25%	25%	25%	25%	25%	25%	25%	16%
70	100%	100%	100%	100%	100%	100%	100%	100%	100%

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
SEPTEMBER 30, 2012**

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

**Actuarial Cost Method of Valuation:**

The modified individual 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.

For determination of the Annual Required Contribution the unfunded actuarial accrued liability is amortized as a level dollar amount over 30 years from October 1, 2000.

**Mortality Table:**

The mortality table used to calculate longevity is the UP-1994, Projected to 2018 (using scale AA) set forward one year for men and women prior to retirement, set forward two years after retirement and set forward eight years after retirement for disabled men and women.

**Actuarial Assumption Rates:**

- **Investment Return Rate** - The interest rate used in making the valuation was 8.0% per annum, compounded annually, including inflation, effective October 1, 2011. The City provides for the non-investment expenses of the GESE Trust.
- **Salary Increase Rate** - Salaries are assumed to increase at the rate that varies based on years of credited service. There is no assumed total active member payroll increase.
- **Inflation Rate** - The assumed inflation rate is 3.5% per annum, effective October 1, 2000.

**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 are 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.

**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, 2009.



**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
SEPTEMBER 30, 2012**

Age	Completed Years of Service					
	0	1	2	3	4	5 or more
20	13.0%	12.0%	10.0%	8.0%	7.0%	5.8%
25	13.0%	12.0%	10.0%	8.0%	7.0%	5.1%
30	13.0%	12.0%	10.0%	8.0%	7.0%	4.5%
35	12.5%	11.5%	9.5%	7.7%	7.0%	3.9%
40	11.9%	10.9%	8.9%	7.1%	6.5%	3.1%
45	11.3%	10.3%	8.3%	6.5%	5.7%	2.5%
50	10.7%	9.7%	7.7%	5.9%	4.7%	2.0%
55	10.4%	9.4%	7.4%	5.6%	4.4%	1.5%

**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. 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	0.06%	40	0.10%	50	0.18%
25	0.03%	35	0.08%	45	0.13%	55	0.26%

**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	18%	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 individual 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

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
SEPTEMBER 30, 2012**

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greater of the actuarial accrued liability or the actuarial value of assets where the total cost is not less than zero.

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 20 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 prior to retirement and no set back after retirement and set forward nine years after retirement for disabled men and women.

**Actuarial Assumption Rates:**

- **Investment Return Rate** - The interest rate used in making the valuation was 8.00% per annum, compounded annually, including inflation. 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.

**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** - The Pension Administrator is assumed to not be married; 40% of active members are assumed to be married with the husband 3 years older than his wife.
- **Maximum Benefit** – The valuation reflects the maximum benefit limits under Internal Revenue Code Section 415.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
SEPTEMBER 30, 2012**

**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%	10.5%	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.

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%

**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.

Age	Rate	Age	Rate	Age	Rate	Age	Rate	Age	Rate
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%

In addition, the valuation assumes a 65% probability that the Administrator will retire upon reaching the rule of 70 eligibility requirement. For non-administrators, 20% is added to the rates in the table when the member first reaches Rule of 70 eligibility.

**Consistency With Accounting Information**

The determination of the Government Accounting Standards Board Statement No. 25 and 27 accounting information has been made on the same basis as the actuarial assumptions and methods.

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS  
SEPTEMBER 30, 2012**

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**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 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
10/1/2006	1,575	\$75,609,062	\$48,006	-0.68%	11	\$643,770	\$58,525	28.56%
10/1/2007	1,611	\$82,052,702	\$50,933	6.10%	12	\$734,116	\$61,176	4.53%
10/1/2008	1,703	\$90,974,647	\$53,420	4.88%	12	\$632,259	\$52,688	-13.87%
10/1/2009	1,662	\$90,045,202	\$54,179	1.42%	12	\$738,898	\$61,575	16.87%
10/1/2010	1,294	\$68,762,827	\$53,140	-1.92%	11	\$842,955	\$76,632	24.45%
10/1/2011	1,241	\$63,601,380	\$51,250	-3.56%	9	\$735,056	\$81,673	6.58%

SCHEDULE OF RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS								
Year Ended	Added To Rols		Removed From Rols		Rols - End of Year		% Increase In Annual Allowances	Average Annual Allowances
	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances		
9/30/2006	66	\$2,564,996	70	\$834,327	1,914	\$48,784,500	4.95%	\$25,488
9/30/2007	53	\$1,974,375	61	\$1,034,871	1,906	\$50,507,583	3.53%	\$26,499
9/30/2008	95	\$3,151,849	89	\$487,313	1,912	\$53,172,119	5.45%	\$27,810
9/30/2009	155	\$7,078,679	92	\$1,128,917	1,975	\$59,121,881	11.19%	\$29,935
9/30/2010	290	\$14,222,231	65	\$1,196,902	2,200	\$72,147,210	22.03%	\$32,794
9/30/2011	51	\$1,812,048	89	\$1,564,297	2,162	\$72,394,961	0.34%	\$33,485

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>							
10/1/2006	\$71,360,525	\$498,024,653	\$162,631,011	\$618,482,563	100%	100%	30%
10/1/2007	\$75,660,523	\$512,794,295	\$181,764,166	\$664,145,175	100%	100%	42%
10/1/2008	\$78,833,075	\$531,826,799	\$197,958,309	\$691,791,000	100%	100%	41%
10/1/2009	\$74,970,761	\$592,395,005	\$113,259,434	\$645,614,641	100%	96%	0%
10/1/2010	\$51,512,855	\$742,702,827	\$46,655,454	\$652,999,926	100%	81%	0%
10/1/2011	\$55,666,384	\$745,868,657	\$43,589,999	\$600,678,610	100%	73%	0%
<b>Staff Plan</b>							
10/1/2006	\$399,499	\$0	\$729,777	\$939,698	100%	0%	74%
10/1/2007	\$466,051	\$0	\$1,156,668	\$1,138,655	100%	0%	58%
10/1/2008	\$526,826	\$0	\$1,221,321	\$1,313,407	100%	0%	64%
10/1/2009	\$620,664	\$0	\$1,501,142	\$1,556,718	100%	0%	62%
10/1/2010	\$778,535	\$0	\$2,048,447	\$1,834,613	100%	0%	52%
10/1/2011	\$752,812	\$559,199	\$1,827,888	\$2,136,978	100%	100%	45%

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

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

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

**Excess Benefit Plan**

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

Year Ended	Added To Rols		Removed From Rols		Rols - End of Year		% Increase In Annual Allowances	Average Annual Allowances
	No.	Annual Allowances	No.	Annual Allowances	No.	Annual Allowances		
9/30/2006	5	\$53,898	8	\$15,157	41	\$534,671	-8.12%	\$13,041
9/30/2007	5	\$28,718	6	\$3,810	40	\$510,822	-4.46%	\$12,771
9/30/2008	2	\$25,053	21	\$70,106	21	\$233,188	-54.35%	\$11,104
9/30/2009	5	\$159,480	0	\$0	26	\$392,668	68.39%	\$15,103
9/30/2010	9	\$112,260	0	\$0	35	\$504,928	28.59%	\$14,427
9/30/2011	3	\$61,209	2	\$1,309	36	\$512,256	1.45%	\$14,229

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

**ANALYSIS OF FINANCIAL EXPERIENCE**

**Gains & Losses in Accrued Liabilities**

**Resulting from Differences Between Assumed Experience & Actual Experience**

	<b>\$ Gain (or Loss) For Year Ending September 30,</b>			
	<b>G.E.S.E. RETIREMENT</b>			
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Age &amp; Service Retirements</b>	(4,194,559)	(44,746,111)	(10,617,895)	(3,817,021)
<small>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.</small>				
<b>Disability Retirements</b>	(297,865)	84,531	(236,050)	(418,968)
<small>If disability claims are less than assumed, there is a gain. If more claims, a loss.</small>				
<b>Death-In-Service Retirements</b>	(96,218)	(225,551)	(420,169)	(412,365)
<small>If survivor claims are less than assumed, there is a gain. If more claims, a loss.</small>				
<b>Withdrawal From Employment</b>	(330,315)	323,047	(1,684,855)	(250,578)
<small>If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.</small>				
<b>New Members</b>	(447,801)	(1,031,129)	(331,612)	(1,225,854)
<small>If there are more new members than assumed, there is a gain. If less, a loss.</small>				
<b>Pay Increases</b>	2,202,871	(101,890)	(280,629)	(6,278,047)
<small>If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.</small>				
<b>Contribution Income</b>	(5,516,734)	4,967,487	(9,441)	(428,926)
<small>If more contributions are received than expected, there is a gain. If less, a loss.</small>				
<b>Investment Income</b>	(58,032,671)	(16,575,378)	(81,292,629)	(40,864,656)
<small>If there is greater Investment income than assumed, there is a gain. If less income, a loss.</small>				
<b>Death After Retirement</b>	(1,080,945)	(1,581,694)	2,579,278	(393,975)
<small>If retirants live longer than assumed, there is a loss. If not as long, a gain</small>				
<b>Other</b>	4,495,749	(2,152,443)	(13,310,765)	4,798,165
<small>Miscellaneous gains and losses resulting from data adjustments, timing of financial transactions, valuation methods, etc.</small>				
<b>Gain (or Loss) During Year From Financial Experience</b>	<b>(63,298,488)</b>	<b>(61,039,131)</b>	<b>(105,604,767)</b>	<b>(49,292,225)</b>
<b>Non-Recurring Items</b>	<b>(3,784,141)</b>	<b>-</b>	<b>80,716,697</b>	<b>31,185,707</b>
<small>Adjustments for plan amendments, assumption changes, etc</small>				
<b>Composite Gain (or Loss) During Year</b>	<b>(67,082,629)</b>	<b>(61,039,131)</b>	<b>(24,888,070)</b>	<b>(18,106,518)</b>

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

**ANALYSIS OF FINANCIAL EXPERIENCE  
Gains & Losses in Accrued Liabilities  
Resulting from Differences Between Assumed Experience & Actual Experience**

	<b>\$ Gain (or Loss) For Year Ending September 30, EXCESS BENEFIT PLAN</b>			
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Age &amp; Service Retirements</b>	(16,766)	(303,565)	(73,059)	198,371
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>	0	(104)	(2,400)	(4,401)
If disability claims are less than assumed, there is a gain. If more claims, a loss.				
<b>Death-In-Service Retirements</b>	0	(44,982)	(3,651)	(3,299)
If survivor claims are less than assumed, there is a gain. If more claims, a loss.				
<b>Withdrawal From Employment</b>	0	230,826	(26,492)	(39,210)
If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.				
<b>New Members</b>	0	0	0	0
If there are more new members than assumed, there is a gain. If less, a loss.				
<b>Pay Increases</b>	0	(98,086)	(195,112)	(649,006)
If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.				
<b>Contribution Income</b>	(179,114)	(285,937)	(101,721)	(451,233)
If more contributions are received than expected, there is a gain. If less, a loss.				
<b>Investment Income</b>	(7,254)	(11,580)	(4,120)	(15,721)
If there is greater Investment income than assumed, there is a gain. If less income, a loss.				
<b>Death After Retirement</b>	(13,559)	(10,755)	(6,594)	(108,994)
If retirants live longer than assumed, there is a loss. If not as long, a gain				
<b>Other</b>	25,428	(666,873)	(418,372)	4,383,775
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>	<u>(191,265)</u>	<u>(1,191,056)</u>	<u>(831,521)</u>	<u>3,310,282</u>
<b>Non-Recurring Items</b>	<u>(52,852)</u>	<u>1,205,854</u>	<u>57,169</u>	<u>-</u>
Adjustments for plan amendments, assumption changes, etc				
<b>Composite Gain (or Loss) During Year</b>	<u>(244,117)</u>	<u>14,798</u>	<u>(774,352)</u>	<u>3,310,282</u>



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

## ANALYSIS OF FINANCIAL EXPERIENCE

### Gains & Losses in Accrued Liabilities

#### Resulting from Differences Between Assumed Experience & Actual Experience

	<b>\$ Gain (or Loss) For Year Ending September 30,</b>			
	<b>STAFF PENSION PLAN</b>			
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<b>Age &amp; Service Retirements</b>	(35,981)	4,918	5,825	6,130
<small>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.</small>				
<b>Disability Retirements</b>	(432)	(512)	(269)	(1,221)
<small>If disability claims are less than assumed, there is a gain. If more claims, a loss.</small>				
<b>Death-In-Service Retirements</b>	(2,715)	(1,902)	(1,453)	(1,217)
<small>If survivor claims are less than assumed, there is a gain. If more claims, a loss.</small>				
<b>Withdrawal From Employment</b>	54,161	(176)	(12,381)	42,371
<small>If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss.</small>				
<b>New Members</b>	0	0	0	(4,396)
<small>If there are more new members than assumed, there is a gain. If less, a loss.</small>				
<b>Pay Increases</b>	62,757	(395,778)	(86,577)	6,589
<small>If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss.</small>				
<b>Contribution Income</b>	(66,262)	20,564	38,869	(50,674)
<small>If more contributions are received than expected, there is a gain. If less, a loss.</small>				
<b>Investment Income</b>	(66,873)	(113,306)	(107,215)	(84,166)
<small>If there is greater Investment income than assumed, there is a gain. If less income, a loss.</small>				
<b>Death After Retirement</b>	0	0	0	0
<small>If retirants live longer than assumed, there is a loss. If not as long, a gain</small>				
<b>Other</b>	41,149	45,281	14,072	142,949
<small>Miscellaneous gains and losses resulting from data adjustments, timing of financial transactions, valuation methods, etc.</small>				
<b>Gain (or Loss) During Year From Financial Experience</b>	<b>(14,196)</b>	<b>(440,911)</b>	<b>(149,129)</b>	<b>56,365</b>
<b>Non-Recurring Items</b>	<b>(40,569)</b>	<b>(12,123)</b>	<b>-</b>	<b>(25,806)</b>
<small>Adjustments for plan amendments, assumption changes, etc</small>				
<b>Composite Gain (or Loss) During Year</b>	<b>(54,765)</b>	<b>(453,034)</b>	<b>(149,129)</b>	<b>30,559</b>

**CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND MANAGED TRUSTS  
SUMMARY PLAN PROVISIONS  
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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 for those employees who are precluded from participation in the Plan pursuant to section 40-351. 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 dies. Membership Service is the service as an employee for which contributions to the GESE Trust are made as required.

**2. CONTRIBUTIONS:**

The members contributed thirteen percent of compensation to the GESE Trust, for fiscal year 2012. The members' contribution rate was decreased to 10% of base salaries or wages for all member employees effective October 1, 2012. 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 contributions 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. Contributions will be at the member's current rate of compensation and contribution.

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**3. BENEFITS:**

***Key Definitions:***

***Average final compensation*** For Members Eligible for Retirement (meet Rule of 70 or age 55 and 10 years of service) as of September 30, 2010, is the average annual earnable compensation during the 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 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.

***All Other Members***

Average annual compensation during the highest five years of the last 10 years of service. Members retiring between October 1, 2010, and on or before September 30, 2011, will be based on the average of the highest three years of membership service; for members who retire on or after October 1, 2011, and on or before September 30, 2012, it will be based on the average highest four years of membership service; and for members who retire on or after October 1, 2012, the average of the highest five years of the last 10 years of service. In no event shall the average final compensation of any member who is employed on September 30, 2010, and retires on or after October 1, 2010, be less than the member's final average compensation as of September 30, 2010.

***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; 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.

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**(A) Service Retirement:**

For Members Eligible for Retirement (meet Rule of 70 or age 55 and 10 years of service) as of September 30, 2010, 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. Subsequent to September 30, 2010, for members not eligible to retire as of that date, the retirement age and service will change to age 55 and 30 years of creditable service or age 60 and 10 years of continuous creditable service and the retirement benefits will be based on a graded, service-related benefit multiplier ranging from 2.25% to 3%.

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

For Members Eligible for Retirement (meet Rule of 70 or age 55 and 10 years of service) as of September 30, 2010, 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. Subsequent to September 30, 2010, a member who has at least ten or more years of creditable service may elect a Rule of 80 retirement.

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

For Members Eligible for Retirement (meet Rule of 70 or age 55 and 10 years of service) as of September 30, 2010, 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. Subsequent to September 30, 2010, the early retirement benefit equals the actuarial equivalent of the basic service retirement benefit payable at the earliest of the retirement eligibility date age 55 and 30 years of continuous creditable service or age 60 and 10 years of continuous creditable service.

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

A member who ceases to be an employee before October 1, 2010, 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.

Subsequent to October 1, 2010, 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 60.

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**4. MAXIMUM BENEFITS**

Effective September 30, 2012, for members not eligible to retire on that date, member retirement allowances shall not exceed the lesser of 100 percent of the member's average final compensation or an annual retirement allowance of \$80,000 as of the retirement or DROP entry based on the normal form of benefit in effect on the date of retirement. In no event shall the benefit limitation be less than the member's accrued benefit on September 30, 2012 based on the normal form of benefit in effect on that date.

**5. OPTIONAL ALLOWANCES:**

A member eligible for retirement (meet Rule of 70 or age 55 and 10 years of service) as of September 30, 2010, 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 6a 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 6b Life annuity*** - A member who was eligible to retire on October 1, 2010, 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 6c 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

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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.

Members not eligible to retire on September 30, 2010, and retire subsequent to October 1, 2010:

Actuarially Reduced Forms of Payment

Option 2 – Equal Payment Survivor Annuity: Reduced joint and 100% survivor annuity;

Option 3 – One-Half Payment Survivor Annuity: Reduced joint and 50% survivor annuity

Option 6a: Lump sum payment of member's accumulated contributions plus a monthly service retirement benefit equal to 50% of the amount to which he would have been otherwise entitled;

Option 6c: Monthly service retirement benefit for the member's lifetime equal to the amount to which he was entitled, provided that, upon his death, 40% of that amount would continue to be paid to his surviving spouse for the lifetime of such spouse.

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

Any member who elects a survivorship option for a spouse pursuant to subsection (1), 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. It is intended that the Plan will pay only one survivor benefit for any member of the Plan and will not incur an increase in benefit costs by reason of a change in designated beneficiary.

**7. RE-EMPLOYMENT OF RETIREES:**

If a retiree becomes re-employed 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.

**8. 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

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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 of the greater of (1) 90 percent of the product of the benefit multiplier in effect at the time the service is earned multiplied by the member's average final compensation multiplied by the number of years of creditable service, paid in monthly installments; or (2) 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 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 greater of (1) the member's average final compensation; or (2) the member's compensation in the year immediately preceding the member's disability. This disability is not eligible for a return of accumulated contributions or optional allowances.

**(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 of the greater of (1) 90 percent of the product of the benefit multiplier in effect at the time the service is earned multiplied by the member's average final compensation multiplied by the number of years of creditable service, paid in monthly installments; or (2) 40 percent of the average final compensation. This disability is not eligible for a return of accumulated contributions, optional allowances or survivorship benefits.

**9. 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

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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.

**(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 yearly 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 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.

**10. 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.



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**11. 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 plus interest from the date of refund to the date of the buyback begins.

**12. 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.

**13. DEFERRED RETIREMENT OPTION PROGRAM ("DROP"):**

The DROP is available to GESE Trust members eligible for normal retirement as of January 1, 2013 or vested as October 1, 2010. The DROP is not available to any other GESE trust member. 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 48 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 12 months.

**14. DEFERRED RETIREMENT OPTION PROGRAM ("DROP"): (Continued)**

An individual account is created for each participant. The GESE Trust will deposit monthly retirement benefits into the participant's DROP account. The Board of Trustees of the retirement plan has selected 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.

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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.

**15. BACKDROP OPTION: (BACKDROP)**

The Backdrop is available to all GESE Trust members effective January 1, 2013. Under the Backdrop option a member can receive a lump sum payment in addition to a monthly pension annuity. The employee chooses to take the Backdrop at the end of his/her employment with the City as long as he or she Backdrops to any date after he/she reaches the Normal Retirement date. If the member elects to Backdrop option, the monthly benefit payable on the member's actual retirement date (when the member leaves City employment) is based on the benefit the member would have received had he/she left employment and retired on an earlier Normal Retirement (NR) date, referred to as the Backdrop date. In addition, the member will receive a lump sum payment equal to the accumulation of annuity payments he/she would have received during the Backdrop period had he/she elected to receive immediate pension annuity payments stating as of the Backdrop date. Annuity payments would be accumulated at the rate of 3% per year, compounded annually. The member's Backdrop date can be any date after his or her Normal Retirement date and the Backdrop period can be as little as one year and as long as 7 years. If the member does not elect a Backdrop benefit option, his/her monthly retirement benefit will be calculated using his or her final average final compensation and creditable service as of the member's actual employment termination date. The participant may receive the accumulated Backdrop account balance upon electing the Backdrop and at the end of his/her employment. The Backdrop 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.

**16. TRANSFER OF ACCUMULATED LEAVE:**

Members eligible to receive accumulated sick leave, accumulated vacation leave or any other accumulated leave payable upon retirement or separation (including DROP) 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 from the City in a lump sum at time of separation with all attendant tax consequences.

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

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**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.

#### **17. SUMMARY OF CHANGES TO GESE TRUST FOR FISCAL YEAR 2012**

Below is a summary of our understanding of the benefit and member contribution changes adopted by the City Commission effective October 1, 2010, reflected in the prior and current plan provision

- Benefit multiplier: 3% for current service plus service graded for future service - 2.25% 1st 15 years; 2.5% for 16-20 years; 2.75% for service over 20 years. Current members enter graded formula at current service level. For example, a member with current service of 22 years would have a multiplier of 2.75% the first year. The revised benefit multiplier schedule will be used in the calculation of the normal, early, deferred and disability retirement benefits, where applicable.
- Average final compensation: Five year average pay for all years of service. Phase in from two to five year average pay over next 3 years. The average final compensation shall not be less than the average final compensation as of the date of the plan change.
- Normal retirement date: Unreduced retirement at earlier of age 55 and 30 years of service, age 60 and 10 years of service, or Rule of 80.
- No benefit changes for current members who are eligible to retire (that is, meet Rule of 70 or age 55 and 10 years of service) as of the effective date of the plan changes.
- Maximum benefit: Maximum annual benefit at retirement is lesser of average final compensation or \$100,000. Cost-of-living increases are applied to the benefit after retirement. With cost-of-living increases after retirement the benefit could exceed average final compensation or \$100,000 per year.
- There is no maximum pension benefit limit if you are eligible to retire (that is, meet the rule of 70 or age 55 with 10 years of service) on September 30, 2010.

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- Normal benefit form: Life annuity as normal form of payment. Other actuarial equivalent options will be available.
- Other plan provisions: Same as current.

In no event will the revised benefits be less than the member's accrued benefit as of the effective date of the plan changes – October 1, 2010.

In addition to the benefit changes described above, all non-union member contributions to GESE increased from 10% of pay to 13% of pay effective October 1, 2010.

**OTHER PLAN CHANGES EFFECTIVE OCTOBER 1, 2012**

- Contribution rate of 13% was change to 10% for all members effective October 1, 2012. The 10% contribution applies to all members whether or not eligible to retire on September 30, 2010.
- BACKDROP option. A backdrop benefit option shall be implemented on January 1, 2013. The backdrop option shall replace the existing DROP program. Employees who have not attained normal retirement eligibility as of January 1, 2013 or were not vested by October 1, 2010, and all employees hired on or after January 1, 2013, will be eligible for the backdrop option, but will not be eligible for the DROP. Anyone eligible for the forward DROP as of January 1, 2013, remains eligible for the forward DROP as it presently exists and anyone eligible for the forward DROP as of January 1, 2013 or vested prior to October 1, 2010, who chooses not to enter the forward DROP remains eligible for the backdrop.
- MAXIMUM BENEFIT: Effective September 30, 2012, the maximum annual benefit at retirement is \$80,000 per year. Any member who has accrued a benefit in excess of the maximum benefit as of September 30, 2012 will retain that benefit but will not accrue any additional benefit.

**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. Membership consists of members of the GESE Trust who exceed the maximum benefit. There are no member contributions or plan assets. The Excess Benefit Plan is an unfunded plan with benefits funded from the City's general fund. The City contributes the actuarially determined amount necessary to fund the excess retirement benefits which reduces the normal pension costs by the same amount.

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**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.

**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 2 Equal payment 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 five 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 survivor option-*** 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 one 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 6A Return of Contributions and reduced pension*** - 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.

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**Option 6B 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 6C 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. 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.

#### **6. 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 Plan.

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 Plan. 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.

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## **Statistical Section**

The schedules within the Statistical Section are classified into these five categories: Changes in Plan Net Assets, Benefit & Refund Deductions from Net Assets by Type, Retired Members by Type of Benefit, Schedule of Average Benefit Payments, and Average Benefit Payments. The purpose of this Section is to provide a historical perspective by using the information in our financial statements and the notes the financial statements. This information is provided to assist readers in better understanding the Trust's overall economic condition.



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

	Fiscal Year Ended				
	2012	2011	2010	2009	2008
<b>Additions</b>					
Employer contributions	\$25,784,849	\$20,420,995	\$24,037,093	\$23,191,828	\$22,762,902
Member contributions	8,587,563	9,183,073	12,728,711	11,791,902	9,517,052
Investment Income (net of expenses)	87,378,035	9,452,519	43,016,574	(18,375,479)	(97,293,525)
Reimbursement income	3,104,449	3,078,382	2,888,419	2,836,790	2,510,921
<b>Total Additions to Plan Net Assets</b>	<b>124,854,896</b>	<b>42,134,969</b>	<b>82,670,797</b>	<b>19,445,041</b>	<b>(62,502,650)</b>
<b>Deductions</b>					
Benefit payments	72,186,394	72,737,854	62,162,717	54,191,981	51,631,847
Refunds of contributions	1,385,881	1,928,705	1,784,596	843,094	1,021,711
Administrative and other expenses	3,178,449	3,172,569	2,938,167	2,890,011	2,653,879
<b>Total Deductions from Plan Net Assets</b>	<b>76,750,724</b>	<b>77,839,128</b>	<b>66,885,480</b>	<b>57,925,086</b>	<b>55,307,437</b>
<b>Change in Net Assets</b>	<b>\$48,104,172</b>	<b>(\$35,704,159)</b>	<b>\$15,785,317</b>	<b>(\$38,480,045)</b>	<b>(\$117,810,087)</b>

	Fiscal Year Ended				
	2007	2006	2005	2004	2003
<b>Additions</b>					
Employer contributions	\$24,229,028	\$22,018,443	\$19,003,415	\$10,669,846	\$3,602,457
Member contributions	8,819,536	8,021,488	7,858,302	7,937,387	7,605,397
Investment Income (net of expenses)	89,063,513	56,191,994	60,457,898	53,064,590	77,694,255
Reimbursement income	2,492,693	2,426,165	2,310,065	2,355,564	1,852,656
<b>Total Additions to Plan Net Assets</b>	<b>124,604,770</b>	<b>88,658,090</b>	<b>89,629,680</b>	<b>74,027,387</b>	<b>90,754,765</b>
<b>Deductions</b>					
Benefit payments	50,106,211	48,077,147	45,926,628	41,138,832	38,665,656
Refunds of contributions	1,667,243	1,753,133	1,167,658	883,189	1,147,196
Administrative and other expenses	2,521,339	2,276,558	2,310,065	2,355,564	1,852,656
<b>Total Deductions from Plan Net Assets</b>	<b>54,294,793</b>	<b>52,106,838</b>	<b>49,404,351</b>	<b>44,377,585</b>	<b>41,665,508</b>
<b>Change in Net Assets</b>	<b>\$70,309,977</b>	<b>\$36,551,252</b>	<b>\$40,225,329</b>	<b>\$29,649,802</b>	<b>\$49,089,257</b>

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

	Fiscal Year Ended				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Additions					
Employer contributions	\$226,793	\$164,490	\$133,487	\$159,837	\$109,163
Member contributions	91,989	80,337	125,457	74,800	66,728
Investment Income (net of expenses)	403,253	21,015	148,965	38,894	(177,138)
Total Additions to Plan Net Assets	<u>722,035</u>	<u>265,842</u>	<u>407,909</u>	<u>273,531</u>	<u>(1,247)</u>
Deductions					
Benefit payments	186,680	12,772			
Refunds of contributions	23,902	20,009	4,156		2,623
Total Deductions from Plan Net Assets	<u>210,582</u>	<u>32,781</u>	<u>4,156</u>	<u>0</u>	<u>2,623</u>
Change in Net Assets	<u>\$511,453</u>	<u>\$233,061</u>	<u>\$403,753</u>	<u>\$273,531</u>	<u>(\$3,870)</u>
	Fiscal Year Ended				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Additions					
Employer contributions	\$57,995	\$72,380	\$99,779	\$98,044	\$83,234
Member contributions	64,994	47,884	42,054	44,488	36,627
Investment Income (net of expenses)	107,149	47,398	55,495	(1,662)	49,712
Total Additions to Plan Net Assets	<u>230,138</u>	<u>167,662</u>	<u>197,328</u>	<u>140,870</u>	<u>169,573</u>
Deductions					
Benefit payments					
Refunds of contributions	2,623		29,401		
Total Deductions from Plan Net Assets	<u>2,623</u>	<u>0</u>	<u>29,401</u>	<u>0</u>	<u>0</u>
Change in Net Assets	<u>\$227,515</u>	<u>\$167,662</u>	<u>\$167,927</u>	<u>\$140,870</u>	<u>\$169,573</u>

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

	Fiscal Year Ended				
	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Additions					
Employer contributions	\$514,908	\$406,243	\$339,602	\$464,325	\$446,916
Reimbursement income	<u>104,783</u>	<u>106,450</u>	<u>112,079</u>	<u>104,141</u>	<u>34,912</u>
Total Additions to Plan Net Assets	<u>619,691</u>	<u>512,693</u>	<u>451,681</u>	<u>568,466</u>	<u>481,828</u>
Deductions					
Benefit payments	514,908	409,709	323,244	464,325	449,370
Administrative and other expenses	<u>104,783</u>	<u>102,984</u>	<u>128,437</u>	<u>104,141</u>	<u>32,458</u>
Total Deductions from Plan Net Assets	<u>619,691</u>	<u>512,693</u>	<u>451,681</u>	<u>568,466</u>	<u>481,828</u>
Change in Net Assets	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

	Fiscal Year Ended				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Additions					
Employer contributions	\$476,252	\$463,126	\$474,865	\$517,333	\$300,235
Reimbursement income	<u>31,662</u>	<u>30,860</u>	<u>63,323</u>	<u>15,746</u>	<u>32,305</u>
Total Additions to Plan Net Assets	<u>507,914</u>	<u>493,986</u>	<u>538,188</u>	<u>533,079</u>	<u>332,540</u>
Deductions					
Benefit payments	476,252	463,126	474,865	517,333	300,235
Administrative and other expenses	<u>31,662</u>	<u>30,860</u>	<u>63,323</u>	<u>15,746</u>	<u>32,305</u>
Total Deductions from Plan Net Assets	<u>507,914</u>	<u>493,986</u>	<u>538,188</u>	<u>533,079</u>	<u>332,540</u>
Change in Net Assets	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

	Fiscal Year Ended				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Type of Benefit</b>					
Age and service benefits					
Retirees	\$65,680,491	\$66,527,406	\$56,220,154	\$48,502,683	\$45,968,818
Survivors	5,157,145	4,877,036	4,628,305	4,419,236	4,373,562
Death in service benefits	61,877	85,462	44,849	23,447	35,449
Disability benefits	1,286,881	1,247,951	1,269,410	1,246,616	1,254,018
<b>Total Benefits</b>	<b><u>\$72,186,394</u></b>	<b><u>\$72,737,854</u></b>	<b><u>\$62,162,717</u></b>	<b><u>\$54,191,981</u></b>	<b><u>\$51,631,847</u></b>
<b>Type of Refund</b>					
Death	97,442	109,415	99,163	30,685	99,270
Separation	1,288,439	1,819,290	1,685,433	812,409	922,441
<b>Total Refunds</b>	<b><u>1,385,881</u></b>	<b><u>1,928,705</u></b>	<b><u>1,784,596</u></b>	<b><u>843,094</u></b>	<b><u>1,021,711</u></b>

	Fiscal Year Ended				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Type of Benefit</b>					
Age and service benefits					
Retirees	\$44,976,697	\$43,054,435	\$41,361,845	\$36,889,797	\$34,596,190
Survivors	3,916,440	3,702,355	3,324,435	3,116,211	2,845,628
Death in service benefits	14,998	85,211	35,731	36,909	179,907
Disability benefits	1,198,077	1,235,146	1,204,617	1,095,915	1,043,931
<b>Total Benefits</b>	<b><u>\$50,106,211</u></b>	<b><u>\$48,077,147</u></b>	<b><u>\$45,926,628</u></b>	<b><u>\$41,138,832</u></b>	<b><u>\$38,665,656</u></b>
<b>Type of Refund</b>					
Death	16,617	129,125	75,988	25,505	311,927
Separation	1,650,626	1,624,008	1,091,670	857,684	835,269
<b>Total Refunds</b>	<b><u>1,667,243</u></b>	<b><u>1,753,133</u></b>	<b><u>1,167,658</u></b>	<b><u>883,189</u></b>	<b><u>1,147,196</u></b>

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

	Fiscal Year Ended				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Type of Benefit</b>					
Age and service benefits					
Retirees	\$186,680	\$12,772			
Survivors					
Death in service benefits					
Total Benefits	<u>\$186,680</u>	<u>\$12,772</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Type of Refund</b>					
Death					
Separation	<u>23,902</u>	<u>20,009</u>	<u>4,156</u>		
Total Refunds	<u>\$23,902</u>	<u>\$20,009</u>	<u>\$4,156</u>	<u>\$0</u>	<u>\$0</u>

	Fiscal Year Ended				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Type of Benefit</b>					
Age and service benefits					
Retirees					
Survivors					
Death in service benefits					
Total Benefits	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Type of Refund</b>					
Death					
Separation	<u>2,623</u>	<u>29,401</u>			
Total Refunds	<u>\$2,623</u>	<u>\$29,401</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

	Fiscal Year Ended				
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Type of Benefit</b>					
Age and service benefits					
Retirees	\$514,907	\$409,709	\$323,244	\$464,325	\$449,370
	-----	-----	-----	-----	-----
Total Benefits	<u>\$514,907</u>	<u>\$409,709</u>	<u>\$323,244</u>	<u>\$464,325</u>	<u>\$449,370</u>

	Fiscal Year Ended				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Type of Benefit</b>					
Age and service benefits					
Retirees	\$476,252	\$463,126	\$474,865	\$517,333	\$300,235
	-----	-----	-----	-----	-----
Total Benefits	<u>\$476,252</u>	<u>\$463,126</u>	<u>\$474,865</u>	<u>\$517,333</u>	<u>\$300,235</u>

CITY OF MIAMI GENERAL EMPLOYEES' AND SANITATION  
EMPLOYEES' RETIREMENT TRUST AND OTHER MANAGED TRUSTS  
RETIRED MEMBERS BY TYPE OF BENEFIT\*  
SEPTEMBER 30, 2012

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>NF</u>	<u>2</u>	<u>3</u>	<u>6a</u>	<u>6b</u>	<u>6c</u>	<u>n/a</u>
\$ 1 - 500	105	20	5	1		1	78			9	19	13	7	56	1
501 - 1,000	207	62	4	2		2	137			29	34	26	17	99	2
1,001 - 1,500	285	175	5	3	5	7	89	1		52	53	27	53	91	9
1,501 - 2,000	239	191	1	1	2	6	36	2		52	36	9	54	84	4
2,001 - 2,500	261	222	4		2	16	17			63	52	2	63	80	1
2,501 - 3,000	194	181	2			7	4			38	49		44	63	
3,001 - 3,500	176	167	3			2	4			32	36		61	47	
3,501 - 4,000	149	140	6				3			31	33		48	37	
4,001 - 4,500	118	112	3				3			21	24		45	28	
4,501 - 5,000	106	101	2				3			19	23		46	18	
5,001 - 5,500	74	70	2				2			12	7		35	20	
5,501 - 6,000	56	54	2							6	12		30	8	
Over 6,001	156	151	4				1			29	30		69	28	
<b>Total</b>	<b>2126</b>	<b>1646</b>	<b>43</b>	<b>7</b>	<b>9</b>	<b>41</b>	<b>377</b>	<b>3</b>	<b>0</b>	<b>393</b>	<b>408</b>	<b>77</b>	<b>572</b>	<b>659</b>	<b>17</b>

(1) Type of Retirement

- 1 - Normal retirement, including rule of 70 and rule of 80
- 2 - Early retirement, including rule of 64
- 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)

(2) Option Selected

- NF - Normal form, life annuity with actuarily reduced survivor benefit
- 2 - Beneficiary receives 100% of members' 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) - Members receives 105% of monthly benefit
- 6(c) - Surviving spouse receives 40% of members' full monthly benefit
- n/a - No option to select for Type of Retirement

\* Starting Fiscal Year 2012 includes the Staff Plan

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

**SCHEDULE OF AVERAGE BENEFIT PAYMENTS  
LAST TEN FISCAL YEARS**

(Unaudited)

Retirement Effective Dates	Years Credited Service							Total
	0-5	6-10	11-15	16-20	21-25	26-30	30+	
<b>Period 10/1/2011 - 9/30/2012<sup>3</sup></b>								
Average Monthly Benefit	\$ 2,015	\$ 924	\$ 1,377	\$ 2,063	\$ 3,022	\$ 3,819	\$ 3,590	\$ 2,851
Number of Active Retirants	19	56	266	382	628	586	192	2,129
Average Final Average Salary <sup>2</sup>	\$ 3,757	\$ 4,772	\$ 4,856	\$ 5,342	\$ 6,393	\$ 6,611	\$ 6,065	\$ 6,015
Number of Active Retirants	1	10	92	90	150	207	42	592
<b>Period 10/1/2010 - 9/30/2011</b>								
Average Monthly Benefit	\$ 1,913	\$ 800	\$ 1,348	\$ 1,993	\$ 2,962	\$ 3,784	\$ 3,587	\$ 2,803
Number of Active Retirants	20	60	262	386	635	588	197	2,148
Average Final Average Salary <sup>2</sup>	\$ 3,757	\$ 4,963	\$ 4,886	\$ 5,184	\$ 6,348	\$ 6,611	\$ 6,065	\$ 6,014
Number of Active Retirants	1	7	84	85	149	206	42	574
<b>Period 10/1/2009 - 9/30/2010</b>								
Average Monthly Benefit	\$ 1,384	\$ 1,014	\$ 1,518	\$ 2,316	\$ 3,261	\$ 3,784	\$ 3,398	\$ 2,736
Number of Active Retirants	37	138	328	459	655	412	158	2,187
Average Final Average Salary <sup>2</sup>	\$ 3,131	\$ 4,936	\$ 5,106	\$ 5,489	\$ 6,572	\$ 6,684	\$ 6,085	\$ 6,043
Number of Active Retirants	3	37	79	92	173	127	42	553
<b>Period 10/1/2008 - 9/30/2009</b>								
Average Monthly Benefit	\$ 1,371	\$ 895	\$ 1,404	\$ 2,178	\$ 2,997	\$ 3,389	\$ 3,121	\$ 2,496
Number of Active Retirants	37	127	296	427	582	358	148	1,975
Average Final Average Salary <sup>2</sup>	\$ 3,407	\$ 4,673	\$ 4,708	\$ 5,537	\$ 6,316	\$ 6,645	\$ 6,019	\$ 5,876
Number of Active Retirants	2	22	40	48	83	72	18	285
<b>Period 10/1/2007 - 9/30/2008<sup>1</sup></b>								
Average Monthly Benefit	\$ 981	\$ 805	\$ 1,384	\$ 2,103	\$ 2,871	\$ 2,954	\$ 2,904	\$ 2,287
Number of Active Retirants	33	140	299	453	552	296	136	1,909
Average Final Average Salary <sup>2</sup>		\$ 4,438	\$ 3,548	\$ 4,837	\$ 6,106	\$ 5,960	\$ 5,482	\$ 5,239
Number of Active Retirants		6	31	32	58	24	10	161

<sup>1</sup> Started Fiscal Year 2008. Will continue going forward.

<sup>2</sup> Average Final Average Salary is based on retiree that retired in the last 6 years. Previous historical data not available.

<sup>3</sup> Started Fiscal Year 2012. Will include Staff Plan as well going forward.



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 and Staff Trust				
	Retirees	Disability	Survivors	Total	Retirees
<b>Fiscal 2012*</b>					
Average monthly benefit	\$3,275	\$1,928	\$1,102	\$2,851	\$1,158
Number of retired members	1692	55	382	2129	36
<b>Fiscal 2011</b>					
Average monthly benefit	\$3,222	\$1,862	\$1,045	\$2,803	\$1,233
Number of retired members	1714	56	378	2148	27
<b>Fiscal 2010</b>					
Average monthly benefit	\$3,149	\$1,794	\$990	\$2,736	\$1,286
Number of retired members	1747	59	381	2187	22
<b>Fiscal 2009</b>					
Average monthly benefit	\$2,910	\$1,740	\$943	\$2,496	\$1,106
Number of retired members	1536	58	381	1975	35
<b>Fiscal 2008</b>					
Average monthly benefit	\$2,633	\$1,704	\$883	\$2,255	\$1,070
Number of retired members	1468	62	379	1909	35
<b>Fiscal 2007</b>					
Average monthly benefit	\$2,575	\$1,721	\$861	\$2,208	\$1,087
Number of retired members	1469	58	379	1906	41
<b>Fiscal 2006</b>					
Average monthly benefit	\$2,472	\$1,660	\$825	\$2,124	\$1,102
Number of retired members	1487	62	374	1923	44
<b>Fiscal 2005</b>					
Average monthly benefit	\$2,356	\$1,619	\$783	\$2,039	\$1,300
Number of retired members	1484	62	354	1900	37
<b>Fiscal 2004</b>					
Average monthly benefit	\$2,199	\$1,548	\$751	\$1,909	\$1,324
Number of retired members	1458	59	346	1863	30
<b>Fiscal 2003</b>					
Average monthly benefit	\$2,062	\$1,474	\$693	\$1,787	\$1,365
Number of retired members	1429	59	342	1830	24

\* Starting Fiscal Year 2012 includes the Staff Plan