

A scenic view of a park with palm trees, a fountain, and a body of water under a blue sky. The fountain in the foreground has several streams of water spraying upwards. The background shows a green lawn, a paved walkway, and a body of water with buildings in the distance.

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2009

CITY OF MIAMI BEACH, FLORIDA

City of Miami Beach, Florida

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2009**

**Jorge M. Gonzalez**  
City Manager

**Patricia D. Walker**  
Chief Financial Officer

Report prepared by: Finance Department

Cover picture

South Pointe Park, Miami Beach Florida  
<http://web.miamibeachfl.gov/>

**City of Miami Beach, Florida  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2009**

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City of Miami Beach .....	Exhibit A
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# **INTRODUCTORY SECTION**



# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

April 26, 2010

Honorable Mayor and Members of the City Commission:

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Miami Beach, Florida (the "City"), for the fiscal year ended September 30, 2009.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the governmental activities, business-type activities, fiduciary activities, and discretely presented components units of the City. All disclosures necessary to enable the reader to gain an understanding of the financial activities of the City have been included.

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

State statutes require an annual audit by independent certified public accountants. The selection of the accounting firm McGladrey & Pullen, LLP as the City's independent certified public accountants, was made following recommendation by an appointed evaluation committee to the City Manager, who reviewed the selection and made recommendation to the City commission. The selection of McGladrey and Pullen, LLP was then approved by the City Commission. The independent audit involved 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; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended September 30, 2009, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1996 as amended and the State of Florida Single Audit Act in accordance with OMB Circular A-133 and Florida Rules of the Auditor General, Section 10.550 respectively. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

As a recipient of federal, state, and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the Internal Audit Department of the City.

*We are committed to providing excellent public service and safety to all who live, work, and play in our vibrant, tropical, historic community.*

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City was incorporated as a municipal corporation on March 26, 1915 and was created by the Florida Legislature, Chapter 7672, Laws of Florida (1917). The City is governed by an elected mayor and six-member commission. The City operates under a Commission-Manager form of government. The term for the Mayor is two years, with a term limit of six consecutive years. The term for the Commission is four years, with a term limit of eight consecutive years. The Commission is responsible, among other things, for passing ordinances, adopting the budget, approval of property tax levies, outstanding debt secured by the full faith credit of the City or any of its revenue streams, appointing committees, and hiring both the City's manager and attorney. The City's manager is responsible for carrying out the policies and ordinances of the Commission, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

The accompanying financial statements present the City and its component units, entities for which the City is considered financially responsible. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City.

The City provides a full range of services. These services include police and fire protection; recreational activities; cultural events; sanitation services; water, sewer and storm water services; neighborhood community services; and the construction and maintenance of streets and infrastructure. This report includes activities of the Miami Beach Visitor and Convention Authority, Miami Beach Employee's Retirement Plan, the City Pension Fund for Firefighters and Police Officers, Firemen's and Policemen's Relief and Pension Funds, the Miami Beach Health Facilities Authority, and the Miami Beach Redevelopment Agency (the "Agency").

The annual budget serves as the foundation for the City's financial planning and control. At least 65 days prior to the beginning of the fiscal year, the City Commission is presented with a proposed budget. The proposed budget includes anticipated expenditures and the means of funding them. After Commission review and public hearings, the budget is adopted prior to October 1. The budget is approved by fund and department. Management may transfer amounts between line items within a department as long as the transfer does not result in an increase in the department budget. Increases to funds or department budgets and transfers between departments require Commission approval. Annual budgets are adopted on a basis consistent with GAAP for all governmental funds except the capital projects fund, which adopts project-length budgets. Budget-to-actual comparisons are provided in the required supplementary information section of this report for the general fund, the resort tax special revenue fund, and the Miami Beach Redevelopment Agency Special Revenue Fund. Funds and grants that have multi-year project budgets are not presented in the statements.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

### **Local Economy.**

The City is located on a barrier island surrounded by the Atlantic Ocean to the east and Biscayne Bay to the west. Tourism is the largest sector of the City's economy with over \$1.6 billion in direct tourist spending on hotel, food, and beverage, and also a large portion of the City's \$950 million retail marketplace. This past year, the City's hotels hosted approximately 5 million overnight visitors, and nearly 8 million tourists visited South Beach and the Art Deco Historic district. Additionally, the City is a regional anchor, with approximately 7 to 9 million day-trips by residents of the surrounding area, making the City one of the most popular attractions in Florida.

*We are committed to providing excellent public service and safety to all who live, work, and play in our vibrant, tropical, historic community.*

Taxable hotel room sales decreased by 6.9% from \$695 million in 2008 to \$647.6 million in 2009. When compared to a decline of 19.6% for hotel room throughout the rest of Miami-Dade County (excluding Miami Beach), the decline of only 6.9% demonstrates the continued relative strength of the Miami Beach lodging market, and its role as the key driver of tourism in South Florida. During 2009, hotel room occupancy was 66.5%, reflecting good absorption of an inventory of hotel rooms that has increased significantly from 13,506 at the beginning of 2008 to 16,614 at the beginning of 2009. This additional inventory provides the City with additional hotel room resources and product to attract visitors over the long term. It is important to note that, with the exception of a 2% decline in the first quarter of 2008, Room Night Demand has shown year over year increases in every quarter from the third quarter of 2007 through the end of 2009.

Moreover, the overall economy of the City remained stable, with an estimated gross City product of \$7.2 billion in 2008, a slight increase from \$7.03 billion in 2007. From the second quarter of 2008 to the second quarter of 2009, while there was a decrease of 9% in the average size of businesses in Miami Beach, there was an increase of entrepreneurial activity and business investment, demonstrated by a 19% increase in the number of operating business units, a 9% increase in the total quarterly payroll, and an 8% increase in employment, from 43,138 jobs to 46,573. Wage growth during this period was 1%. Significantly, recession vulnerable industries such as retail trade and real estate/rental/leasing experienced increases in employment. During the years from 2002 through 2008, not only was there significant job creation which increased 16.6% from 36,432 to 42,482, but the City's Prosperity Index, which is wage growth compared to job growth, was also positive with an increase of 45.6% in the average wage, from \$27,830 to \$40,521 during the same period (7.6% annualized). The City's unemployment rate began to decline in the fourth quarter of 2009, down to 8.6% from 9.2% in the previous quarter. This rate is well below comparable geographies, such as 11.2% for the Metropolitan Statistical Area, and 11.3% for the State of Florida.

In recent years, the City has diversified beyond its traditional tourism based economy to become a multifaceted industrial center and regional leader in information technology, health care, arts, and culture. In 2009, the world's most prestigious art fair, based in Basel, Switzerland, held its seventh Miami Beach exhibition, with attendance and sales exceeding expectations. Additionally, the City and the New World Symphony (the "Symphony") have entered into a partnership through which the Symphony is constructing a new, state of the art performance and recording facility which will open in February 2011 on City-owned land. This facility will be a technological wonder designed by celebrity architect Frank Gehry and the first of its kind in the world.

Retail tenants continue to open locations and expand in the City, joining established operations such as Armani Exchange, Kenneth Cole, Office Depot, Diesel, and Nicole Miller. New retailers include Guess and Morgan Miller Shoes. Construction on Fifth and Alton of a vertical retail center with 180,000 square feet of retail space and 1,100 parking spaces was completed, with leases executed with tenants such as Publix, Best Buy, Petco, TJ Maxx, Ross, Vitamin Shoppe, and Staples. These tenants are all open, employing over 400 people. Class A office space in prime locations continues to be absorbed with a vacancy rate of approximately 7.6%. The office market is anchored by corporate tenants such as LNR Property Corporation and Terranova.

Although there are industrial factors well beyond the City's control, the entertainment industry continues as an important part of the City's economy. The City remains a key location for the production of movies, fashion campaigns, and TV series such as 'Burn Notice'; and many international talent and model agencies have retained operations in the City. The corporate component of the industry continues to view the City as the center of the Latin American entertainment industry. This is evidenced by the location of branches of companies such as the William Morris Agency. The City continues to grow as a destination for major events. In addition to Art Basel Miami Beach, the South Beach Food and Wine Festival, the South Beach Comedy Festival, the Miami Beach International Boat Show, and the Winter Music Conference continue providing a strong base that supplements the meeting and trade show segment. The 2010 Pro Bowl and Super Bowl, which was held in South Florida, provided priceless media coverage for the destination.

The City continues to be a leader in the real estate industry, as the median price of homes and condominiums stabilized in 2007 and through 2009. Growth management initiatives in the late 1990's resulted in more limited supply, somewhat reducing the exposure of excess new residential inventory that is being experienced in some other locations, however; the number of existing units for sale has increased consistent with other

areas. Furthermore, the end of 2008 saw the beginning of five straight quarters of an increase in the number of units sold, and a decline in the number of condominium units for sale, from over 4,000 in early 2008, to 2,966 in December 2009. The average number of days that units were on the market also declined, from 172 in January 2008, to 157 in December 2009.

**Property Tax Reform Amendment (Amendment 1)**. On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000, except for school district taxes. The new \$25,000 homestead exemption does not apply to school district taxes, resulting in an estimated annual savings of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

Amendment 1 became effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which became effective on January 1, 2009.

**Long-Term Financial Planning**. In an effort to meet the service demands of residents and visitors, the City continues to address, with a creative and resourceful approach, the long-term financing necessary in order to fund the capital projects essential to the creation, improvement, enhancement and preservation of public facilities and infrastructure.

The City's FY 2009-2013 five year Capital Improvement Plan, covering the period from October 1, 2008 through September 30, 2013, has earmarked funding in an estimated \$944 million for the following program areas:

- Parking – Garages and Surface lots
- Parks and Recreation – Community centers, Golf Courses, and Parks
- Public Facilities – Convention Center & Theater of Performing Arts, and General Public Buildings
- Public Works – Environmental, Lighting, Storm Drainage, and Street/Sidewalk/Streetscape Improvements
- Equipment – Fleet Management, Information Technology, Property Management, and Water & Sewer.

The City, in an efficient and innovative manner, has prudently funded its Capital Improvement Program and for the tenth straight years achieved a reduction in its General Obligation Debt Service Millage to the current rate of 0.238 mills for fiscal year 2009. The City has been able to achieve this reduction in its Debt Service Millage at the same time, issuing over \$95.6 million in new debt through the following funding mechanisms during the last ten years:

- \$62 million of General Obligation Bonds (for improvements to neighborhoods, parks and public safety),
- \$15 million Golf Course Loan, and
- \$13 million Equipment Loan

**Debt Administration.** The City continues to maintain its AA- rating with Standard and Poor's. In October of 2006, our rating with Moody's Investors Service was raised from A1 to Aa3. Under current state statutes,

*We are committed to providing excellent public service and safety to all who live, work, and play in our vibrant, tropical, historic community.*

general obligation bonded debt issued by the City is subject to a legal limitation based on 15% of total assessed value of real and personal property. As of September 30, 2009, the general obligation bonded debt of the City totaling \$73.6 million was well below the legal limit of \$3.81 billion. The City's total debt per capita equaled \$4,640 at September 30, 2009.

**Cash management policies and practices.** In accordance with the City's investment policy, excess cash during the year was invested in U.S. Treasury obligations, U.S. government agencies, commercial paper, corporate bonds, money market funds, and repurchase agreements. The investment portfolio of the pension trust fund includes cash deposits, U.S. government securities, corporate bonds, common stock, money market funds, and commercial paper.

The average yield on investments, except for the fiduciary trust funds, was 2.51% for the fiscal year ended September 30, 2009. The pension trust funds and Postemployment Benefits Other than Pension (OPEB) trust funds had a yield rate of 0.60% and 3.05% respectively for the same period.

The investment policy of the City is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either covered by federal depository insurance or a collateral pool held by the State Treasurer for the benefit of all public deposits in Florida, or by collateral held by third parties in trust in the name of the City.

**Risk Management.** The City has a risk management program for workers' compensation, general liability, and auto liability. As part of this comprehensive plan, resources are being accumulated in the self-insurance internal service fund to meet potential losses. In addition, various risk control techniques, including employee accident prevention training, have been implemented to minimize accident-related losses. The City currently has \$14 million available for losses.

#### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2008. This was the twenty-second (22) consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2008. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of the comprehensive annual financial report was made possible by the dedicated work and tireless efforts of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the Mayor and City Commission, preparation of this report would not have been possible.

Sincerely,



Jorge M. Gonzalez  
City Manager



Patricia D. Walker  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Miami Beach  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2008

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.



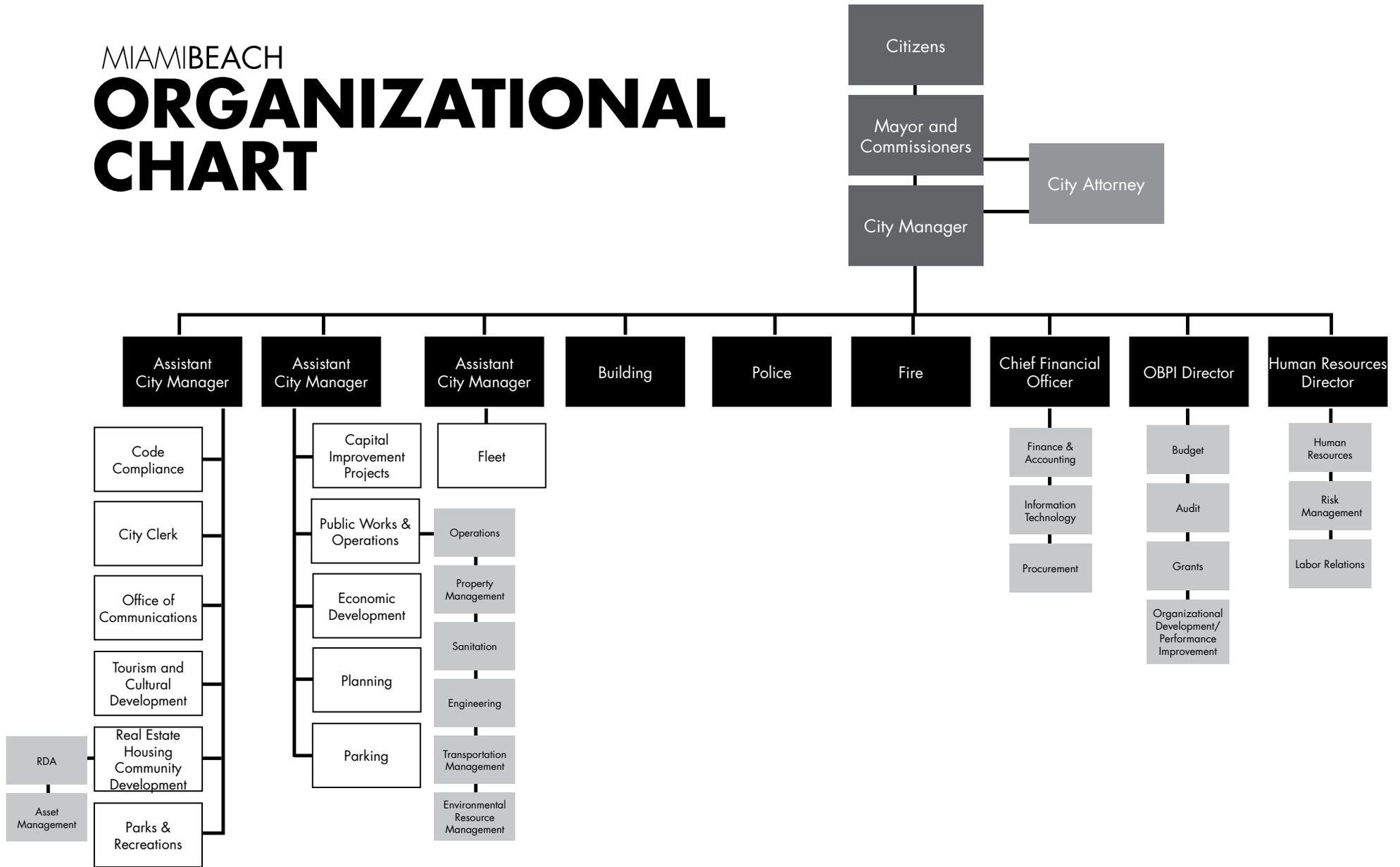
A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

# MIAMI BEACH ORGANIZATIONAL CHART



**CITY OF MIAMI BEACH, FLORIDA**  
**List of Elected Officials and Administration**

**September 30, 2009**

**City Commission**

Matti Herrera Bower, Mayor

Victor M. Diaz, Jr., Vice-Mayor

Saul Gross, Commissioner

Jerry Libbin, Commissioner

Edward L. Tobin, Commissioner

Deede Weithorn, Commissioner

Jonah Wolfson, Commissioner

---

**Administration**

Jorge M. Gonzalez, City Manager

Patricia D. Walker, Chief Financial Officer

Hilda M. Fernandez, Assistant City Manager

Timothy Hemstreet, Assistant City Manager

Robert C. Middaugh, Jr., Assistant City Manager

# **FINANCIAL SECTION**

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

To the Honorable Mayor and Members of the City Commission  
City of Miami Beach, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami Beach, Florida (the "City"), as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Miami Beach Florida Employees' Retirement Plan, the City of Miami Beach Florida Pension Fund for Firefighters and Police Officers, the City of Miami Beach Florida Firemen's Relief and Pension Fund, and the Miami Beach Policemen's Relief and Pension Fund (collectively, the Plans), which represent 84% of the total assets and 32% of the total revenues of the aggregate remaining fund information. We also did not audit the financial statements of the Miami Beach Visitor and Convention Authority ("VCA") which reflects 86% and 93%, respectively, of the assets and revenue of the City's discretely presented component units and the Miami Beach Convention Center as managed by Global Spectrum ("Global Spectrum"), which reflects 1% and 12%, respectively, of the assets and revenue of the enterprise funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Plans, VCA and Global Spectrum is based solely on the reports of the other auditors.

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. The financial statements of the Miami Beach Convention Center as managed by Global Spectrum, the City of Miami Beach Florida Employees' Retirement Plan and the City of Miami Beach Florida Pension Fund for Firefighters and Police Officers, and the Miami Beach Policemen's Relief and Pension Fund were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Miami Beach, Florida, as of September 30, 2009, and the respective changes in financial position, and, cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note II to the financial statements, the City adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during fiscal year 2009.

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated April 26, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 audit.

The management's discussion and analysis, the schedules of funding progress – Retirement Systems, and Postemployment Benefits Other Than Pension, and the budgetary comparison information for the general fund, resort tax revenue fund, and Miami Beach Redevelopment Agency fund are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We, and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements, and schedules, the statistical, and the continuing disclosure sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. Additionally, the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and Chapter 10.550, *Rules of the Auditor General* of the State of Florida, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory, statistical and continuing disclosure sections, have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McGladrey & Pullen, LLP*

Miami-Dade County, Florida  
April 26, 2010

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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Our discussion and analysis of the City of Miami Beach's (the "City") financial performance provides an overview of the City's financial activities for the year ended September 30, 2009. We encourage readers to consider the information presented herein in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at September 30, 2009 by \$1,036.5 million (net assets). Of this amount, \$660.1 million was invested in capital assets, net of related debt. Additionally, \$135.3 million was restricted by laws, agreements, or debt covenants. The City has unrestricted net assets of \$241.1 million.
- During fiscal year 2009, the City's net assets increased by \$93.4 million. Of this increase, \$61 million was in governmental activities and the remaining increase of \$32.4 million in business-type activities. For the governmental activities, revenues from charges for services increased \$1.3 million or 2.3%, operating grants and contributions decreased \$6.7 million or 26.2%, capital grants and contributions decreased \$10 million or 67.7% and general revenues decreased by \$2.8 million or 1.1%, while expenses increased \$5.6 million or 2.1%. For the business-type activities, charges for services increased \$14.8 million or 14.2%, while expenses decreased by \$2.5 million or 2.2% over the prior year.
- The City's assets increased by \$82.5 million or 5.6%. The net increase is mainly attributed to an increase in capital assets, net of accumulated depreciation of \$87.9 million or 9.8%.
- The City's total liabilities had a net decrease of \$11 million or 2% during the year. Long term liabilities decreased by \$11 million or 2.3 %, while short term liabilities increased by \$.2 million or .04%
- At September 30, 2009 the City's governmental fund balance consisted mainly of \$225.8 million in restricted, \$90.4 million in committed, \$4.5 million in assigned and \$4.4 million in unassigned fund balance. Enterprise fund's net assets consisted of \$320 million in invested in capital assets, net of related debt, \$19 million in restricted and \$122.5 million in unrestricted net assets. Internal Service fund's net assets consisted of \$10.7million in invested in capital assets net of related debt and \$1.6 million in unrestricted net assets.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which have the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to that of a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during each fiscal year. Changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned, but unused vacation leave).

Both the statement of net assets and the statement of activities of the government-wide financial

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their cost through user fees and charges. The governmental activities of the City include general government, public safety, physical environment, transportation, economic development, human services, and culture and recreation. The business-type activities of the City includes storm water, water and sewer, parking, convention center complex, sanitation, and Miami Beach Redevelopment Agency's parking and leasing operations.

The government-wide financial statements include not only the City itself, but also a legally separate Visitor and Convention Authority and a legally separate Health Facilities Authority. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 28-29 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of a fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, resort tax special revenue fund, Miami Beach Redevelopment Agency special revenue fund, and capital projects fund which are considered to be major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund, its resort tax special revenue fund, and its Miami Beach Redevelopment Agency's special revenue fund. A budgetary comparison statement has been provided for all of the above funds to demonstrate compliance with the fund's budget.

The governmental funds financial statements can be found on pages 30-33 of this report.

**Proprietary Funds.** The City maintains seven different types of enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its storm water utilities, water and sewer utilities, parking, convention center complex, sanitation, and Miami Beach Redevelopment Agency's parking and leasing. The City maintains 6 internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet management, property management, central services, risk

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

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management self insurance, health insurance self insurance and communications operations. Since these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements separate information for the storm water utilities, water and sewer, parking, and convention center complex, which are considered to be major funds of the City. Data from the other three proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements elsewhere in this report.

Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 34-37 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs. The fiduciary funds include the four Pension Trust Funds, one OPEB Trust Fund and one general agency fund.

The fiduciary fund financial statements can be found on pages 38-39 of this report.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-87 of this report.

### **Other information**

In addition to the basic financial statements and accompanying notes, this report also represents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees. Required supplemental information can be found on pages 88-91 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds and internal service funds are presented immediately following the required supplemental information. Combining and individual fund statements and schedules can be found on pages 92-112 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

Government-wide Financial Analysis

The table below summarizes the statement of net assets:

**CITY OF MIAMI BEACH  
Net Assets  
(in thousands)**

	Governmental activities		Business-type activities		Total	
	2008	2009	2008	2009	2008	2009
Current and other assets	\$ 392,172	\$ 396,996	\$ 192,748	\$ 182,497	\$ 584,920	\$ 579,493
Capital assets	447,651	504,530	446,358	477,434	894,009	981,964
Total assets	839,823	901,526	639,106	659,931	1,478,929	1,561,457
Long-term liabilities						
outstanding	294,884	290,329	190,254	183,856	485,138	474,185
Other liabilities	30,949	36,185	19,818	14,603	50,767	50,788
Total liabilities	325,833	326,514	210,072	198,459	535,905	524,973
Net assets:						
Invested in capital assets, net of related debt	286,955	340,034	239,922	320,034	526,877	660,068
Restricted	142,367	116,302	21,888	18,984	164,255	135,286
Unrestricted	84,668	118,676	167,224	122,454	251,892	241,130
	\$ 513,990	\$ 575,012	\$ 429,034	\$ 461,472	\$ 943,024	\$ 1,036,484

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1,036.5 million at September 30, 2009, an increase of \$93.4 million or 10% from the prior year.

The largest portion of the City's net assets, \$660.1 million or 63.7%, reflects its investment in capital assets (e.g., land, building, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$135.3 million or 13.1% represents resources that are subject to external restrictions on how they may be used. This includes but is not limited to grant proceeds, Redevelopment Agency tax increments, Resort Tax proceeds, impact fees, Interlocal agreements, and debt service requirements. The remaining balance of unrestricted net assets, which is \$241.1 million or 23.3% consists of \$118.7 million from governmental activities and \$122.5 million from business type activities. For financial reporting purposes, these balances are considered unrestricted, however, the majority of these balances are committed or assigned by the City Commission.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. The City's net assets increased by \$93.5 million or 9.9% during the current fiscal year. Governmental activities accounted for an increase of \$61

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

million or 65.3% while Business-type accounted for \$32.4 million or 34.7% of the increase.

The table below summarizes the changes in net assets - Governmental Activities

**CITY OF MIAMI BEACH  
Changes in Net Assets  
Governmental Activities  
for the fiscal year ended September 30,  
(in thousands)**

	2008	2009
Revenues:		
Program revenues:		
Charges for services	\$ 58,492	\$ 59,810
Operating grants and contributions	25,592	18,890
Capital grants and contributions	14,732	4,766
General revenues:		
Taxes:		
Property taxes, levied for general purposes	125,339	127,421
Property taxes, levied for debt services	6,246	6,085
Resort taxes	38,100	37,412
Tax increment	48,965	47,655
Local business	3,342	3,684
Utility taxes	8,943	9,226
Communication service	6,296	7,196
Miscellaneous	1,304	895
Unrestricted investment earnings	14,715	10,900
Total revenues	352,066	333,940
Expenses:		
General government	44,608	44,331
Public safety	149,954	155,154
Physical environment	1,685	2,237
Transportation	9,734	8,927
Economic environment	4,293	3,934
Human services	1,721	1,606
Culture and recreation	39,430	41,570
Interest on long-term debt	12,477	11,768
Total expenses	263,902	269,527
Increase in net assets before transfers and gain on sale of capital assets	88,164	64,413
Transfers	(252)	(3,420)
Gain on sale of capital assets	221	29
Increase in net assets	88,133	61,022
Net assets - beginning	425,857	513,990
Net assets - ending	\$ 513,990	\$ 575,012

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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**Governmental activities.** Governmental activities increased the City's net assets by \$61 million, thereby accounting for 65.3% of the total growth in the net assets of the City.

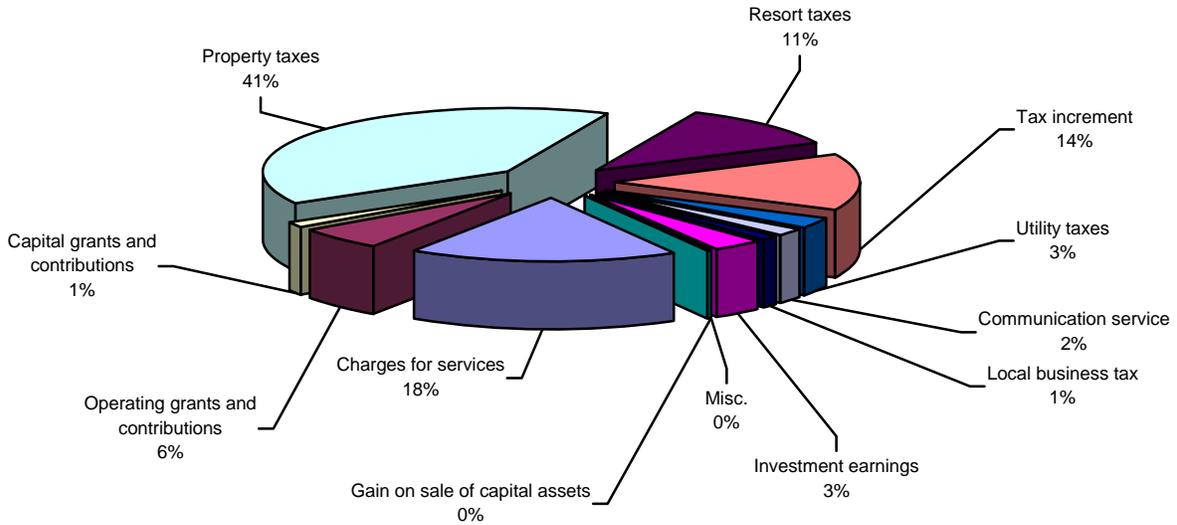
Key elements of the net increase are as follows:

Governmental activities revenues consisted of program revenues which amounted to \$83.5 million and general revenues which amounted to \$250.5 million, for a total of \$334 million. Property tax revenue for general purposes which represents 38.2% of total revenues was \$127.4 million. This is an increase of \$2.1 million or 1.7% over the prior year. Property taxes are levied by the City based on the Miami-Dade County property appraisers determined property values in the City. The Miami-Dade County Property Appraiser determined that taxable property values in the City decreased from \$26.1 billion in 2008 to \$25.9 billion in 2009, a decrease of \$.2 billion. However, the City's operating millage rate remained the same at 5.66 mills. Charges for service which represents 17.9% of total revenues was \$59.8 million. This amounted in an increase of \$1.3 million or 2.3% over the prior year collections. These charges are primarily derived from Parks and Recreation (including Golf Courses) user fees, ambulance fees, off duty services, franchise fees, rents and leases, license, permits, fines, forfeitures and administrative fees from enterprise funds and some forms of intergovernmental revenues. Tax increment revenue which represents 14.3% of the revenues was \$47.7 million. This amount is a decrease of \$1.3 million or 2.7% from the prior year. Tax increments revenue is computed by applying the operating tax rate for the City and Miami-Dade County, Florida, (the County) multiplied by the increased value of property in the district over the base property value minus 5%. Both the City and the County are required to fund this amount annually without regard to tax collections or other obligations. The decrease in revenues is based on the decrease in real estate property values City wide. Resort tax which represents 11.2% of revenues was \$37.4 million which is a decrease of \$1.1 million or 1.8% from the prior year. Resort tax is the 3% tax on the rent a room or rooms in any hotel, motel, rooming house or apartment house and 2% on the total sales price of all food and beverage (included beer and wine sold at retail in any restaurant. Fluctuations in resort tax revenues are completed based on the fluctuation in the sales of the above items and varies from one year to another based on the economy.

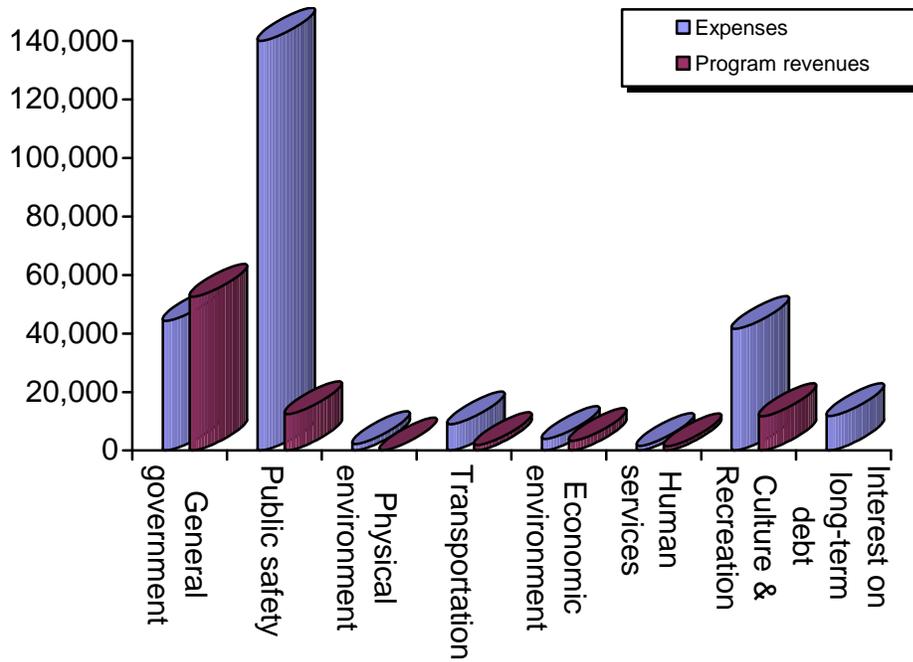
Governmental activities expense consisted of functional expenses for the City's general government, public safety, physical environment, transportation, economic environment, human services, culture and recreation and interest on long-term debt. These functional expenses amounted to \$269.5 million. Significant portions of these expenses were in the public safety, general government and culture and recreation functions. Public safety function expense was \$155 million and represents 58% of total expenses. The City's public safety function includes the personnel and operations for police, fire, ocean rescue, building operations, emergency 911 services and other. In addition, grant funded expenses for police, fire and other public safety activities are reported under this category. Expenses in this function increased by \$5.2 million or 3.5% over the prior year. This percentage increase represents the average increase in wages and salary and other personnel service costs. General government function expense was \$44.3 million and represents 16% of total expense. The City's general government function includes the City attorney's office, public works department, planning department, capital investment and upkeep office, budget and finance office, office of procurement, city managers office, city clerk's office, human resources office and other special projects. Expenditures in this function remained approximately the same as in the prior year, where expenses were \$44.6 million or 17% of total expenses. Culture and recreation function expense was \$41.5 million or represents 15% total expenses. The City's culture and recreation function includes expenses for grant funded culture and recreation activities, the City's parks and recreation department, Office of Tourism and Cultural Development, Bryon and Colony theater operations, golf course operations, and a variety of arts, cultural and entertainment programs. Expenses in this function had a net increase of \$2.1 million or 5.4% from the prior year, which resulted from increase in OPEB expenses, cost of maintenance of the new South Pointe park, operations of the Normandy Shores Golf Club, increase in the cost of the Bass Museum operations, increase in depreciation expense on capital assets, and the City of Miami Beach Sleepless Night event.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

**Revenue by Source – Governmental Activities  
for the year ended September 30, 2009 (in thousands)**



**Expenses and Program Revenues – Governmental Activities  
for the year ended d September 30, 2009 (in thousands)**



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

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The table below summarizes the changes in net assets - Business-type Activities

**CITY OF MIAMI BEACH  
Changes in Net Assets  
Business-type Activities  
for the fiscal year ended September 30,  
(in thousands)**

	<u>2008</u>	<u>2009</u>
Revenues:		
Program revenues:		
Charges for services	\$ 103,853	\$ 118,630
Operating grants and contributions	14,833	13,360
Capital grants and contributions		
General revenues:		
Tax increments	2,358	2,405
Unrestricted investment earnings	<u>5,872</u>	<u>2,942</u>
Total revenues	<u>126,916</u>	<u>137,337</u>
Expenses:		
Storm water	4,981	3,756
Water	20,931	23,468
Sewer	26,620	25,425
Parking	24,612	25,142
Convention Center	17,789	14,744
Sanitation	13,667	13,773
Redevelopment Agency's Parking	2,071	1,908
Redevelopment Agency's Leasing	122	103
Total expenses	<u>110,793</u>	<u>108,319</u>
Increase in net assets before transfers and gain (loss) on sale of capital assets	16,123	29,018
Gain (loss) on sale of capital assets		
Transfers	<u>252</u>	<u>3,420</u>
Increase in net assets	16,375	32,438
Net assets - beginning	<u>412,659</u>	<u>429,034</u>
Net assets - ending	<u>\$ 429,034</u>	<u>\$ 461,472</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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**Business-type activities.** Business-type activities increased the City's net assets by \$32.4 million, thereby accounting for 34.7% of the total growth in the net assets of the City.

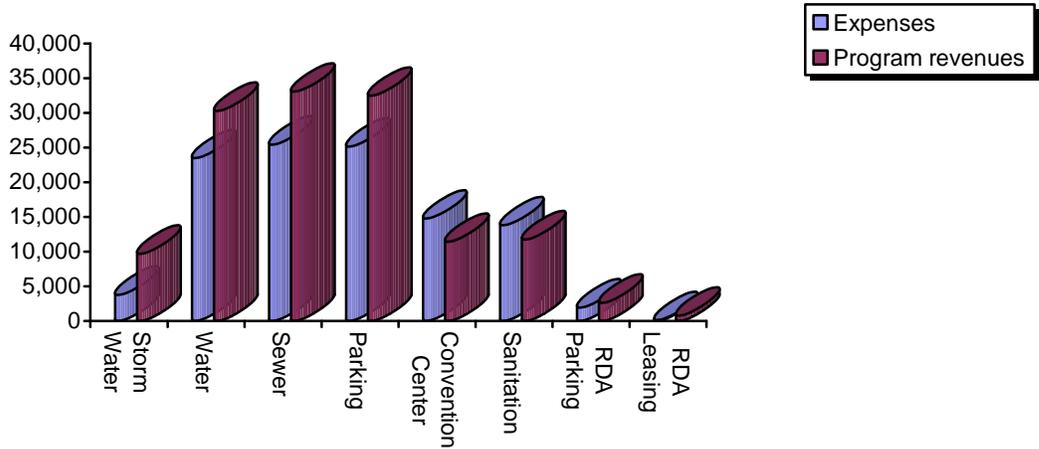
Key elements of the net increase are as follows:

- The Stormwater fund had a change in net assets of \$5.8 million. Operating revenues increased by \$2.6 million or 36% and operating expenses decreases by \$310 thousand or 8.1% from the prior year. Non-operating revenues/expenses decreased by \$35 thousand or 12.6% from the prior year.
- The Water and Sewer fund had a change in net assets of \$15.6 million. Operating revenues increased by \$11.1 million or 21.2% and operating expenses increased by \$2.5 million or 5.6% from the prior year. Non-operating revenues/expenses decreased by \$156 thousand or 9.9% from the prior year.
- The Parking Systems fund had a change in net assets of \$11.2 million. Operating revenues increased by \$2.6 million or 8.8% and operating expenses increased by \$381 thousand or 1.6% from the prior year. Non-operating revenues/expenses decreased by \$857 thousand or 150.3% from the prior year.
- The Convention Center Fund had a change in net assets of \$3.2 million. Operating revenues decreased by \$3.2 million or 21.7% and operating expenses decreased by \$3 million or 16.9% from the prior year. Non-operating revenues/expenses increased by \$97 thousand or 398.5% from the prior year. Historically the Convention Center fund has had net operating losses of approximately \$3 million annually, with \$3.8 million in 2004, \$3.1 million in 2005, \$3.1 million in 2006, \$2.8 million in 2007, and \$3.1 million in 2008.
- Other Enterprise Funds, which includes the Sanitation, Miami Beach Redevelopment Agency's Parking and Miami Beach Redevelopment Agency's leasing Funds, had a change in net assets of \$3 million. Operating revenues increased by \$106 thousand or .6% and operating expenses increased by \$26 thousand or .2% from the prior year. Non-operating revenues/expenses decreased by \$322 thousand or 50.7% from the prior year.

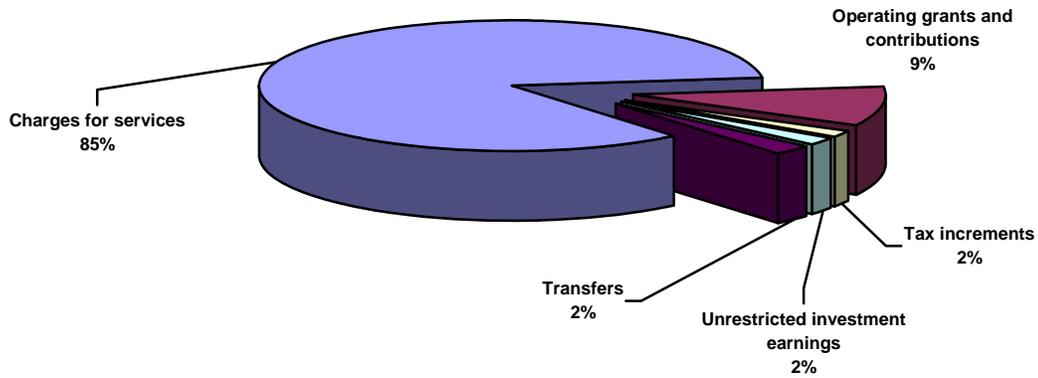
## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The following chart shows a comparison of expenses to program revenues for business-type activities for fiscal year 2009:

**Expenses and Program Revenues – Business-type Activities  
for the year ended September 30, 2009 (in thousands)**



**Revenue by Source – Business-type Activities  
for the year ended September 30, 2009 (in thousands)**



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

**Financial Analysis of the Governmental Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The table below summarizes the changes in the fund balances of the City's governmental funds.

**Governmental Funds  
(in thousands)**

	<u>General</u>	<u>Resort Tax</u>	<u>Miami Beach Redevel- opment Agency</u>	<u>Capital Projects</u>	<u>Other Govern- mental Funds</u>	<u>Total Govern- mental Funds</u>
Fund balances						
Sep. 30, 2008	\$ 46,491	\$ 10,112	\$ 11,008	\$ 212,235	\$ 54,631	\$ 334,477
Revenues	215,992	38,385	33,666	19,999	21,290	329,332
Expenditures	(214,365)	(8,244)	(8,636)	(59,336)	(47,241)	(337,822)
Other financing sources (uses)	6,953	(30,635)	(26,497)	29,817	19,682	(680)
Fund balances						
Sep. 30, 2009	<u>\$ 55,071</u>	<u>\$ 9,618</u>	<u>\$ 9,541</u>	<u>\$ 202,715</u>	<u>\$ 48,362</u>	<u>\$ 325,307</u>

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's funding requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City's general fund is required to adopt an annual budget prepared on a basis consistent with Accounting Principles Generally Accepted in the United States of America (GAAP). Surpluses from any prior fiscal years cannot be appropriated in future fiscal years.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the general fund was \$55.1 million. This consisted mainly of \$4.4 million in unassigned funds which is unrealized gains on the City's investments, \$6.2 million restricted for the future funding of the City's building department operations, \$39.8 million committed for contingencies, \$1 million assigned for purchase contracts and \$3.6 million assigned by the City Commission for the fiscal year 2010/2011 one-time/ non-recurring expenditures. The general fund's net change in fund balance for the fiscal year was \$8.6 million. One key factor in this growth was the ability to maintain expenditures under budgeted amounts. Overall revenues had a net increase of \$1.8 million or 1% over the prior year. Ad-valorem tax, which is 57% of the general fund revenue collected, decreased by \$.7 million or .5%. As mentioned earlier, this is a result of the decreasing property values City wide. The decrease in Ad-Valorem tax was offset by the increase revenue for utility and communication service tax and increases in license and permits fees. Expenditures in the general fund also increased by \$1.7 million or .8%, primarily in the public safety and culture and recreation function. Other financing sources increased by \$6.1 million or 746.2% over the prior fiscal year. At the end of the fiscal year, fund balance excluding the nonspendable portion, represents 23.6% of total general fund expenditures.

The resort tax fund accounts for the collection of special tax levied city-wide on food, beverage and room rents used to support tourist related activities. At the end of the current fiscal year, fund balance of the resort tax fund was \$9.5 million. Resort tax collected during the year was \$37.4 million, a decrease of \$688 thousand or 1.8% from the prior fiscal year. Net other financing uses, which was \$30.6 million increased by \$3.6 million or 13.3% and expenditures increased by \$174 thousand or 2.2%. The resort

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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tax fund balance decreased by \$493 thousand or 4.9% from the prior fiscal year and represents 117% of total resort tax fund expenditures for the fiscal year.

The Miami Beach Redevelopment Agency (the Agency) Special Revenue Fund accounts for the operations of the Miami Beach Redevelopment Agency, a tax increment district of the City. The Agency was established in 1976 under the provisions of Chapter 163 of the Florida Statutes to spur development and redevelopment in the South Shore and City Center/Historic Convention Village Redevelopment and Revitalization Area of the City. Tax increments collected during the year decreased by \$1 million or 2.9%, and net other financing uses decreased by \$19.1 million or 41.9% and expenditures increased by \$1.1 million or 14.6%. The fund balance of the Miami Beach Redevelopment Agency Special Revenue Fund decreased by \$1.5 million or 13.3% from the prior fiscal year and represents 110% of total Agency fund expenditures for the current fiscal year.

The City's capital projects fund accounts for the funding of the City's capital program. The primary resources are obtained from the issuance of City debt, tax increments and intergovernmental revenues. Intergovernmental revenue which was \$4.5 million decreased by \$8.8 million from the prior fiscal year. Tax increment which was \$14.2 million also decreased by \$2.3 million or 13.7% from the prior fiscal year. Net other financing sources which was \$29.8 million decreased by \$20.9 million or 41.3% from the prior fiscal year. Capital outlay totaled \$59.3 million in the current year. The capital projects fund balance decreased by \$9.5 million or 4.5% from the prior fiscal year and represents 342% of total capital project fund expenditures for the current fiscal year.

The other governmental funds consist of the City's debt service funds and other special revenue funds, which accounts primarily for grants. Ad Valorem tax collected for debt service was \$5.9 million, a decrease of \$176 thousand or 2.9% from the prior year. Intergovernmental revenue also decreased by \$718 thousand or 13.9% and net other financing sources which was \$19.7 million decreased by \$591 thousand or 2.9%. Expenditures in the fund also decreased by \$1.4 million or 3.1%. The fund balance decreased by \$6.3 million or 11.5 % from the prior year and represents 98% of the other governmental funds total expenditures for the current fiscal year.

**Proprietary funds.** The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The total growth in net assets for all enterprise funds was \$32.4 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

The following information is presented to assist the reader in comparing the original budget (adopted budget), and the final amended budget (amended budget), and how actual results compared with these budgeted amounts. The amended budget can be modified subsequent to the end of the fiscal year. Detail budget information can be found in the RSI section of this document.

There were variances between the amended budgeted revenues and actual revenues plus other financing sources, except for interest income. Interest income had a \$2.3 million variance which is a result of unrealized gain on investments reflected in the actual revenues. Governmental Accounting Standards Board Statement No. 31 (GASB 31) requires the City to report its investments at fair market value as if they were to be immediately liquidated at fiscal year end. This is not a budgeted item, as unrealized gains have a non-cash impact and is not available to pay current expenditures.

The net variance between the amended budgeted appropriations and actual expenditures plus other financing uses was approximately \$1 million. This net variance resulted mainly from a positive variance in the general government function of \$314 thousand, culture and recreation function of \$342 thousand and capital outlay of \$835 thousand.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

**General Fund Revenues  
for the fiscal year ended September 30, 2009  
(in thousands)**

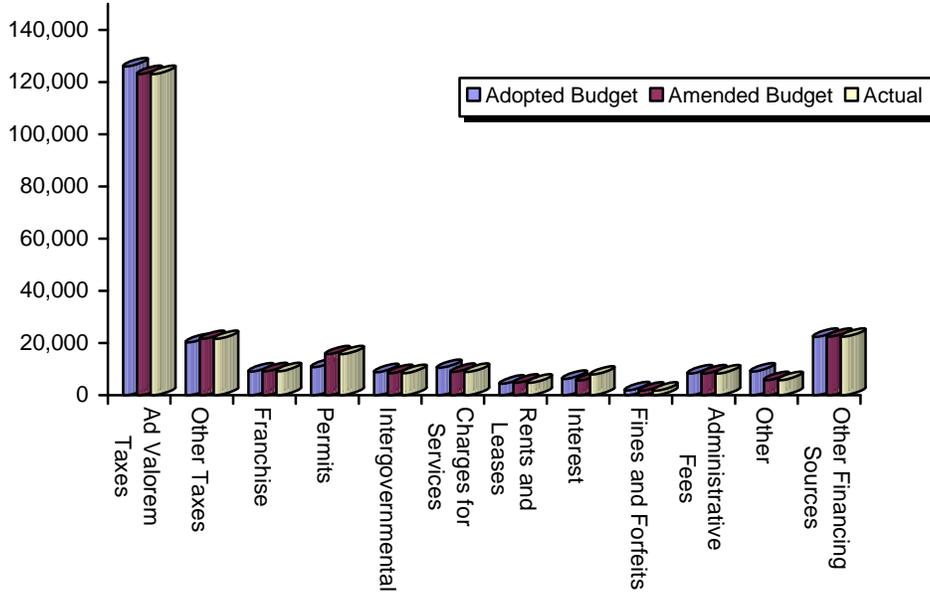
	Original Adopted Budget	Final Amended Budget	Actual
Taxes:			
Property	\$ 126,037	\$ 123,117	\$ 123,117
Sales, use, fuel	1,593	1,481	1,481
Utility	9,223	9,226	9,226
Local business	3,881	3,684	3,684
Communication Service	5,653	7,196	7,196
Taxes	<u>146,387</u>	<u>144,704</u>	<u>144,704</u>
Other than taxes:			
Franchise	9,125	9,266	9,266
Permits	10,835	15,762	15,762
Intergovernmental	8,868	8,515	8,515
Charges for services	10,502	8,942	8,942
Rents and leases	4,465	4,835	4,835
Interest income	6,310	5,631	7,949
Fines and forfeits	1,917	1,777	1,777
Administrative fees	8,398	8,407	8,407
Other	9,134	5,835	5,835
Other financing sources	22,425	22,433	22,433
Other than taxes	<u>91,979</u>	<u>91,403</u>	<u>93,721</u>
 Total revenues	 <u>\$ 238,366</u>	 <u>\$ 236,107</u>	 <u>\$ 238,425</u>

**General Fund Expenditures  
for the fiscal year ended September 30, 2009  
(in thousands)**

	Original Adopted Budget	Final Amended Budget	Actual
General government	\$ 36,402	\$ 34,699	\$ 34,385
Public safety	140,009	139,292	139,076
Physical environment	1,456	1,456	2,156
Transportation	4,194	4,192	4,238
Economic environment	1,604	1,496	1,496
Human services	530	549	549
Culture and recreation	32,940	30,295	29,952
Capital Outlay	884	1,624	789
Debt service	2,019	1,819	1,723
Other financing uses	15,328	15,328	15,481
Total expenditure	<u>\$ 235,366</u>	<u>\$ 230,750</u>	<u>\$ 229,845</u>

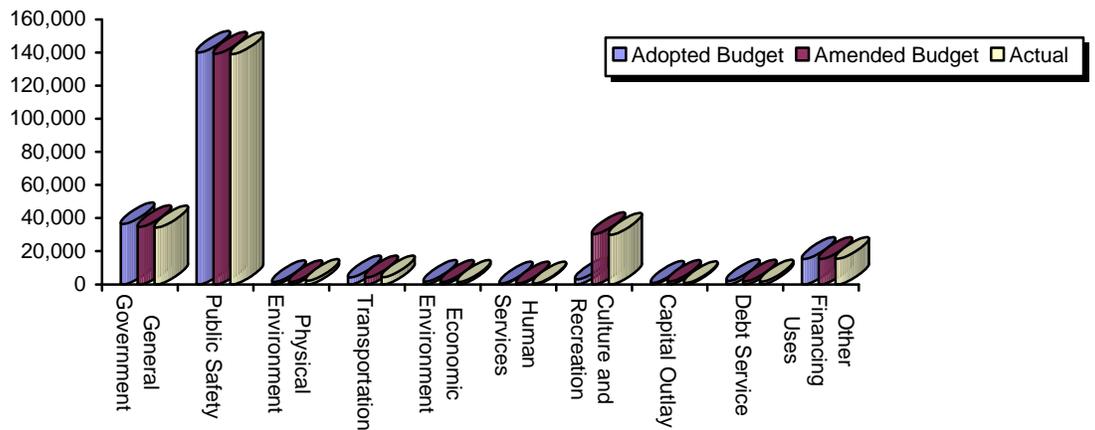
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

**General Fund Revenues  
for the year ended September 30, 2009 (in thousands).**



The following chart and table summarizes actual expenditures by function/program for fiscal year 2009 and compares expenditures with Adopted Budget, Amended Budget and Actual.

**General Fund Expenditure  
for the year ended September 30, 2009 (in thousands).**



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

**Capital Assets and Debt Administration**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities at September 30, 2009 amounts to \$981 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, water & sewer distribution, storm drainage systems, lighting systems, sidewalks, curbs, signage, equipment, street improvements, and parks, which are detailed as follows (net of accumulated depreciation):

	<b>Capital Assets</b> (in thousands)					
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
Land	\$ 45,832	\$ 45,832	\$ 24,274	\$ 24,274	\$ 70,106	\$ 70,106
Construction						
work-in-progress	240,783	264,948	173,031	198,435	413,814	463,383
Building & Structure	49,920	48,201	120,788	129,802	170,708	178,003
Permanent						
improvements	57,526	93,829	6,157	6,541	63,683	100,370
Furniture, Fixtures &						
Equipment	25,107	21,779	49,187	46,914	74,294	68,693
Infrastructure	28,483	29,941	72,921	71,468	101,404	101,409
<b>Total</b>	<b>\$ 447,651</b>	<b>\$ 504,530</b>	<b>\$ 446,358</b>	<b>\$ 477,434</b>	<b>\$ 894,009</b>	<b>\$ 981,964</b>

The City has developed various capital improvement programs to improve the quality of life of its residents. Major projects include citywide water, wastewater and storm water improvements, streetscape enhancements and improvements to parks, beaches, and fire stations. Major capital asset events in progress during the current fiscal year included the following:

- Completed construction of the new Multipurpose Municipal Parking Facility at City Hall. The completion of the project resulted in a neighborhood improvement with over 650 new parking spaces, a public plaza, and still under construction, is the office space to accommodate governmental offices that are currently located in temporary spaces outside City Hall campus, thus improving customer relations with the public. The build out of the office spaces is expected to be completed by calendar year 2010.
- The 35<sup>th</sup> street restroom facility was one of six restrooms facilities that was originally identified to be in critical need of replacement due to deterioration, non-compliance with ADA requirements, and inability to be securable. The 35<sup>th</sup> street restroom project is now in permitting stage and is schedule to be completed by end of calendar year 2010.
- Begin construction of South Point improvements phase III – IV. The project limits are bounded by Ocean Drive to the East and Alton Road to the West, and includes: 1st Street between Alton Road and Ocean Drive; Commerce Street, from Alton Road to Washington Avenue; Ocean Drive and Ocean Court, from 5th Street to South Pointe Drive; Collins Avenue and Collins Court, from 5th Street to South Pointe Drive; South Pointe Drive; South Pointe Drive (Biscayne Street), from Alton Road to the Eastern street end; Alton Road, from 5th Street to South Pointe Drive; Jefferson Avenue, between South Pointe Drive and 1st Street; 1st Street, from Alton Road to Jefferson Avenue; Commerce Street and other adjacent alleys, roadways and rights of way. This project is included in the City of Miami Beach RWO Infrastructure Improvement Program and the

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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Public Works Citywide Water and Sewer Master Plan. The improvements include the installation of new stormwater infrastructure within priority Basin 1 to meet the Master Plan recommended level of service; streetscape improvements, including new sidewalks and crosswalks; traffic calming measures and installation of bump-outs at crosswalks; enhanced landscaping within median, swale and bump-out areas; enhanced pedestrian lighting; bike lanes; and parking improvements.

- Started construction of a new golf cart storage/maintenance facility located at the Miami Beach Golf Course. This project is part of the Miami Beach Golf Course renovation project. Parks & Recreation is currently renting a temporary tent in which the golf course's carts are being stored. Construction of the cart barn is necessary for the proper and efficient operation of the golf course. The building is already under construction and is already eighty percent complete and is scheduled to be completed by the end of the fiscal year 2010.
  
- Continued construction of the Scott Rakow Youth Center which is a facility that serves a very important service for the children and parents of the Middle Beach Community. The Youth Center provides after school activities and programs that are vital to the community, who have continuously expressed concerns over the current conditions of the Youth center. The planned improvements include the expansion of the existing parking lot by 44 parking spaces and provide a bus drop off which separates vehicular and pedestrian traffic, provide ADA accessible walkways from the HC parking to the main entrance and to the new outdoor playground area, convert the old ice rink into a Multi-Purpose Room, renovate the existing entry plaza, provide a new entry addition with a security counter and lobby, a new handicap accessible elevator located at the entry addition, first floor renovations, second floor renovations, new lighting, flooring and ceiling treatments. On August 22, 2007, the scope increased (\$750,000) per community request, adding: landscape buffer and sidewalk along 28th Street; windows to the multi-purpose room; bus drop-off; and relocation of the playground area.

Additional information on the City's capital assets can be found in Note C to the financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

**Long-term Debt**

At the end of the current fiscal year, the City had total bonded debt, loans and other long-term debt of \$414 million. Governmental activities debt decreased by \$13.8 million or 5.5% while, business-type activities debt decreased by \$6.4 million or 3.6%. In September of 2009 the City received additional equipment loan proceeds and paid off its parking revenue refunding bonds series 1996A. In June 2009 the City also paid off its FPL note that was originally issued in 1999.

In fiscal year 2010 the city is planning on partially refinancing its stormwater revenue bonds, series 2000 and its water and sewer revenue bonds, Series 2000 in addition to receiving new monies.

**Outstanding Debt**  
**General Obligation, Special Obligation, Revenue Bonds and Loans**  
(in thousands)

	Governmental activities		Business-type activities		Total	
	2008	2009	2008	2009	2008	2009
General obligation	\$ 76,085	\$ 73,580	\$	\$	\$ 76,085	\$ 73,580
Special obligation	163,792	154,206			163,792	154,206
Revenue bonds			179,688	173,164	179,688	173,164
Loans	11,559	10,529	1,035	1,133	12,594	11,662
Other debt	1,951	1,260			1,951	1,260
<b>Total</b>	<b>\$ 253,387</b>	<b>\$ 239,575</b>	<b>\$ 180,723</b>	<b>\$ 174,297</b>	<b>\$ 434,110</b>	<b>\$ 413,872</b>

Additional information on the City's long-term debt can be found in Note G to the financial statements.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Miami Beach's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to The City of Miami Beach, Finance Department, 1700 Convention Center Drive, Miami Beach, Florida 33139.

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**September 30, 2009**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 327,830,613	\$ 82,554,648	\$ 410,385,261	\$ 2,502,847
Cash with fiscal agent	100,000		100,000	
Receivables (net)	21,301,522	12,743,769	34,045,291	411,382
Due from other governments	4,948,781	1,129	4,949,910	
Internal balances	(2,305,322)	2,305,322		
Prepaid expenses	4,276,910	190,055	4,466,965	
Inventories	303,842	2,224,762	2,528,604	
Restricted cash and investments	40,445,000	79,593,224	120,038,224	
Deferred charges	94,630	2,884,433	2,979,063	
Capital assets not being depreciated:				
Land	45,832,216	24,274,408	70,106,624	
Construction in progress	264,948,021	198,434,887	463,382,908	
Capital assets net of accumulated depreciation:				
Buildings and structures	48,200,606	129,801,580	178,002,186	
Permanent improvements	93,829,592	6,541,249	100,370,841	
Machinery and equipment	21,778,899	46,914,071	68,692,970	36,403
Infrastructure	29,941,003	71,467,831	101,408,834	
Total assets	<u>901,526,313</u>	<u>659,931,368</u>	<u>1,561,457,681</u>	<u>2,950,632</u>
<b>LIABILITIES</b>				
Accounts payable	20,838,010	8,547,809	29,385,819	2,000
Retainage payable	4,606,000	2,665,606	7,271,606	
Accrued expenses	4,868,227	1,028,101	5,896,328	300,586
Accrued interest payable	2,543,422	1,325,221	3,868,643	
Unearned revenue	3,327,605	902,100	4,229,705	
Due to other governments	1,858	134,196	136,054	
Noncurrent liabilities:				
Due within one year	27,738,057	12,535,619	40,273,676	
Due in more than one year	262,590,764	171,320,231	433,910,995	
Total liabilities	<u>326,513,943</u>	<u>198,458,883</u>	<u>524,972,826</u>	<u>302,586</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	340,034,409	320,033,874	660,068,283	36,403
Restricted for:				
Debt Service	7,953,645	11,387,073	19,340,718	
Economic development	19,771,708	7,597,237	27,368,945	
Transportation	18,558,282		18,558,282	
Capital Improvement	52,373,961		52,373,961	
Other purposes	17,644,307		17,644,307	
Unrestricted	118,676,058	122,454,301	241,130,359	2,611,643
Total net assets	<u>\$ 575,012,370</u>	<u>\$ 461,472,485</u>	<u>\$ 1,036,484,855</u>	<u>\$ 2,648,046</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended September 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 44,331,119	\$ 47,607,219	\$ 4,995,240	\$ 659	\$ 8,271,999	\$	\$ 8,271,999	\$
Public safety	155,153,733	5,668,803	6,469,299	332,954	(142,682,677)		(142,682,677)	
Physical environment	2,237,314			38,857	(2,198,457)		(2,198,457)	
Transportation	8,927,038	20,305	1,448,689	402,867	(7,055,177)		(7,055,177)	
Economic environment	3,934,183		3,277,596		(656,587)		(656,587)	
Human services	1,606,517		1,464,066		(142,451)		(142,451)	
Culture and recreation	41,569,779	6,513,589	1,235,608	3,990,757	(29,829,825)		(29,829,825)	
Interest on long-term debt	11,767,919				(11,767,919)		(11,767,919)	
Total governmental activities	<u>269,527,602</u>	<u>59,809,916</u>	<u>18,890,498</u>	<u>4,766,094</u>	<u>(186,061,094)</u>		<u>(186,061,094)</u>	
Business-type activities:								
Storm Water	3,755,854	9,671,731	7,810			5,923,687	5,923,687	
Water	23,467,862	30,141,576	144,920			6,818,634	6,818,634	
Sewer	25,425,037	32,906,403	149,526			7,630,892	7,630,892	
Parking	25,141,478	28,267,558	4,196,518			7,322,598	7,322,598	
Convention Center	14,743,596	6,884,276	4,518,636			(3,340,684)	(3,340,684)	
Sanitation	13,773,207	7,398,789	4,342,712			(2,031,706)	(2,031,706)	
Redevelopment Agency's Parking	1,908,215	2,607,142				698,927	698,927	
Redevelopment Agency's Leasing	103,399	752,647				649,248	649,248	
Total business-type activities	<u>108,318,648</u>	<u>118,630,122</u>	<u>13,360,122</u>			<u>23,671,596</u>	<u>23,671,596</u>	
Total primary government	<u>\$ 377,846,250</u>	<u>\$ 178,440,038</u>	<u>\$ 32,250,620</u>	<u>\$ 4,766,094</u>	<u>(186,061,094)</u>	<u>23,671,596</u>	<u>(162,389,498)</u>	
<b>Component units:</b>								
Visitor and Convention Health Facilities	\$ 1,440,035		\$ 40,000					(1,400,035)
Health Facilities	109,877							(109,877)
Total component units	<u>\$ 1,549,912</u>		<u>\$ 40,000</u>					<u>(1,509,912)</u>
<b>General revenues:</b>								
Taxes:								
Property taxes, levied for general purposes								
					127,421,154		127,421,154	
Property taxes, levied for debt service								
					6,084,673		6,084,673	
Resort taxes								
					37,412,291		37,412,291	1,483,492
Tax increment								
					47,655,082	2,405,168	50,060,250	
Utility taxes								
					9,225,871		9,225,871	
Communication service								
					7,196,266		7,196,266	
Local business								
					3,684,320		3,684,320	
Miscellaneous								
					894,995		894,995	107,500
Gain on sale of capital assets								
					28,837		28,837	
Unrestricted investment earnings								
					10,899,704	2,941,879	13,841,583	11,656
Transfers								
					(3,420,189)	3,420,189		
Total general revenues and transfers								
					<u>247,083,004</u>	<u>8,767,236</u>	<u>255,850,240</u>	<u>1,602,648</u>
Change in net assets								
					61,021,910	32,438,832	93,460,742	92,736
Net assets - beginning								
					513,990,460	429,033,653	943,024,113	2,555,310
Net assets - ending								
					<u>\$ 575,012,370</u>	<u>\$ 461,472,485</u>	<u>\$ 1,036,484,855</u>	<u>\$ 2,648,046</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2009**

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 53,576,878	\$ 7,813,288	\$ 11,405,094	\$ 216,036,411	\$ 50,382,821	\$ 339,214,492
Receivables (net of allowance for uncollectibles)	14,847,669	2,905,504	17,289	51,838	1,053,918	18,876,218
Accrued interest	1,782,850		29	114,379	310	1,897,568
Due from other funds	2,226,414		1,023,897			3,250,311
Due from other governments	60,036			4,019,621	869,124	4,948,781
Prepaid expenditures	164,646		4,490			169,136
Total assets	<u>\$ 72,658,493</u>	<u>\$ 10,718,792</u>	<u>\$ 12,450,799</u>	<u>\$ 220,222,249</u>	<u>\$ 52,306,173</u>	<u>\$ 368,356,506</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 4,685,984	\$ 194,457	\$ 115,546	\$ 11,692,742	\$ 1,236,092	\$ 17,924,821
Retainage payable				3,897,734	708,266	4,606,000
Accrued expenditures	3,448,361	526,166	54,428	260,324	207,806	4,497,085
Unearned/deferred revenues	9,364,720			228,947	1,549,905	11,143,572
Due to other governments	1,400			458		1,858
Due to other funds	87,312	379,925	2,739,493	1,427,357	242,446	4,876,533
Total liabilities	<u>17,587,777</u>	<u>1,100,548</u>	<u>2,909,467</u>	<u>17,507,562</u>	<u>3,944,515</u>	<u>43,049,869</u>
Fund balances:						
Nonspendable	164,646		4,490			169,136
Restricted	6,200,000	9,618,244	9,536,842	161,147,311	39,321,667	225,824,064
Committed	39,821,254			41,529,299	9,028,150	90,378,703
Assigned	4,499,003			38,077	11,841	4,548,921
Unassigned	4,385,813					4,385,813
Total fund balances	<u>55,070,716</u>	<u>9,618,244</u>	<u>9,541,332</u>	<u>202,714,687</u>	<u>48,361,658</u>	<u>325,306,637</u>
Total liabilities and fund balances	<u>\$ 72,658,493</u>	<u>\$ 10,718,792</u>	<u>\$ 12,450,799</u>	<u>\$ 220,222,249</u>	<u>\$ 52,306,173</u>	<u>\$ 368,356,506</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**September 30, 2009**

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**Total fund balances - governmental funds** \$ 325,306,637

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$	45,223,696	
Construction in progress		264,471,471	
Building and structure		89,820,640	
Permanent improvements		165,349,490	
Machinery and equipment		10,911,936	
Infrastructure		120,719,655	
Accumulated depreciation		<u>(213,166,320)</u>	
Total capital assets			483,330,568

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds, loans and notes payable	\$	(230,389,129)	
Compensated absences		(16,686,140)	
Accrued interest payable		(2,543,422)	
OPEB		<u>(6,908,123)</u>	
Total long term liabilities			(256,526,814)

Bond issuance costs are treated as expenditures in the governmental funds, but are deferred to future periods in the Statement of Net Assets and amortized over the life of the bonds. 2,810,050

Some Deferred Revenues have met the earned criteria for recognition in the Statement of Activities. 7,815,967

Internal service funds are used by management to charge the costs of fleet management, property management, central services, self insurance, and communications to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 12,275,962

**Net assets of governmental activities** \$ 575,012,370

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended September 30, 2009

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property	\$ 123,116,639				\$ 5,928,447	\$ 129,045,086
Sales, use and fuel	1,481,012				2,750,242	4,231,254
Utility	9,225,872					9,225,872
Resort		37,412,291				37,412,291
Local business	3,684,320					3,684,320
Tax increment			33,446,103	14,208,979		47,655,082
Communication service	7,196,265					7,196,265
Other					1,569,410	1,569,410
Franchise fees	9,265,529					9,265,529
Permits	15,761,752					15,761,752
Intergovernmental	8,515,406			4,483,571	4,447,080	17,446,057
Charges for services	8,941,933				3,351,031	12,292,964
Rents and leases	4,834,717		74,801			4,909,518
Interest	7,948,540	213,163	120,401	1,261,576	663,766	10,207,446
Fines and forfeitures	1,777,381				850,029	2,627,410
Administrative fees	8,407,571					8,407,571
Impact fees					1,448,689	1,448,689
Other	5,834,692	759,591	25,282	44,534	281,148	6,945,247
<b>Total revenues</b>	<b>215,991,629</b>	<b>38,385,045</b>	<b>33,666,587</b>	<b>19,998,660</b>	<b>21,289,842</b>	<b>329,331,763</b>
<b>EXPENDITURES</b>						
Current:						
General government	34,384,780	1,026,935	5,941,728		156,072	41,509,515
Public safety	139,075,859		2,692,527		5,774,806	147,543,192
Physical environment	2,156,520					2,156,520
Transportation	4,237,856				1,265,439	5,503,295
Economic environment	1,495,814	12,000			2,980,017	4,487,831
Human services	548,630				1,024,903	1,573,533
Culture and recreation	29,952,410	7,204,852			1,490,546	38,647,808
Capital Outlay	788,842		2,287	59,336,498	11,914,781	72,042,408
Debt service:						
Principal retirement	987,232				11,636,288	12,623,520
Interest and fiscal charges	736,594				10,997,925	11,734,519
<b>Total expenditures</b>	<b>214,364,537</b>	<b>8,243,787</b>	<b>8,636,542</b>	<b>59,336,498</b>	<b>47,240,777</b>	<b>337,822,141</b>
Excess (deficiency) of revenues over (under) expenditures	1,627,092	30,141,258	25,030,045	(39,337,838)	(25,950,935)	(8,490,378)
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of capital assets			1,873		3,548	5,421
Transfers in	22,433,077		3,908,668	32,552,364	21,668,453	80,562,562
Transfers out	(15,480,568)	(30,634,764)	(30,407,652)	(2,735,130)	(1,989,651)	(81,247,765)
<b>Total other financing sources (uses)</b>	<b>6,952,509</b>	<b>(30,634,764)</b>	<b>(26,497,111)</b>	<b>29,817,234</b>	<b>19,682,350</b>	<b>(679,782)</b>
<b>Net change in fund balances</b>	<b>8,579,601</b>	<b>(493,506)</b>	<b>(1,467,066)</b>	<b>(9,520,604)</b>	<b>(6,268,585)</b>	<b>(9,170,160)</b>
Fund balances - beginning of year	46,491,115	10,111,750	11,008,398	212,235,291	54,630,243	334,476,797
<b>Fund balances - end of year</b>	<b>\$ 55,070,716</b>	<b>\$ 9,618,244</b>	<b>\$ 9,541,332</b>	<b>\$ 202,714,687</b>	<b>\$ 48,361,658</b>	<b>\$ 325,306,637</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2009**

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**Net change in fund balance - total governmental funds** \$ (9,170,160)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

In the current period, these amounts are:

Capital outlay	\$	68,370,367	
Adjustments		(1,890)	
Depreciation expense		<u>(8,358,903)</u>	
Excess of capital outlay over depreciation expense			60,009,574

The issuance of long-term debt (e.g. bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations is an expenditure in the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

In the current year, these amounts consist of:

Bonds, loans and notes principal retirement	\$	12,781,819	
Amortization of bond issuance costs		(188,963)	
Amortization of net bond premium		154,486	
OPEB		<u>(6,908,123)</u>	
Total long term-debt retirement and related transactions			5,839,219

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

These activities consist of:

Increase in compensated absences	\$	(755,471)	
Decrease in accrued interest expense		<u>160,523</u>	
Total additional expense			(594,948)

Deferred revenue that meet the revenue recognition criteria in the Statement of Activities, but not the fund statements. These activities consist of:

Increase in property taxes	\$	4,471,196	
Other		<u>(10,455)</u>	
			4,460,741

Internal funds are used by management to charge the costs of fleet management, property management, central services, self insurance, and communications to individual funds.

477,484

**Change in net assets of governmental activities** \$ 61,021,910

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**September 30, 2009**

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 6,117,436	\$ 19,234,457	\$ 27,332,562	\$ 7,772,113	\$ 22,098,080	\$ 82,554,648	\$ 29,061,121
Cash with fiscal agent							100,000
Restricted cash and investments:							
Revenue bonds covenant	1,190,000	3,775,000	1,727,294			6,692,294	
Accounts receivable (net of allowance for uncollectibles)	925,333	5,172,732	4,190,476	1,334,337	1,104,865	12,727,743	277,763
Accrued interest receivable	21	16,005				16,026	
Due from other governments					1,129	1,129	
Due from other funds		500			2,317,859	2,318,359	3,217,635
Prepaid expenses		786		125,408	63,861	190,055	1,297,724
Inventories		2,215,242	9,520			2,224,762	303,842
Total current assets	<u>8,232,790</u>	<u>30,414,722</u>	<u>33,259,852</u>	<u>9,231,858</u>	<u>25,585,794</u>	<u>106,725,016</u>	<u>34,258,085</u>
Noncurrent assets:							
Restricted cash and investments:							
Customer deposits		6,786,456	35,246	1,906,242	67,373	8,795,317	
Interlocal agreement				7,597,237		7,597,237	
Revenue bonds covenant	11,394,723	39,792,408	5,321,245			56,508,376	
Deferred charges	530,384	1,931,841	420,180		2,028	2,884,433	94,630
Capital assets:							
Land		1,492,598	17,283,478	2,089,371	3,408,961	24,274,408	608,520
Buildings and structures	1,767,841	7,690,613	40,050,550	163,226,118	13,397,987	226,133,109	2,020,545
Parking lots			4,069,504			4,069,504	
Mains and lines		95,749,155				95,749,155	
Meters and hydrants		12,219,906	2,680,094			14,900,000	
Machinery and equipment	2,008,126	46,451,612	3,764,956	11,596,508	3,390,191	67,211,393	64,311,349
Construction in progress	72,823,785	60,106,555	48,709,970	15,834,733	959,844	198,434,887	476,550
Less accumulated depreciation	(1,546,659)	(49,085,949)	(22,246,104)	(73,568,847)	(6,890,871)	(153,338,430)	(46,217,195)
Total capital assets (net of accumulated depreciation)	<u>75,053,093</u>	<u>174,624,490</u>	<u>94,312,448</u>	<u>119,177,883</u>	<u>14,266,112</u>	<u>477,434,026</u>	<u>21,199,769</u>
Total noncurrent assets	<u>86,978,200</u>	<u>223,135,195</u>	<u>100,089,119</u>	<u>128,681,362</u>	<u>14,335,513</u>	<u>553,219,389</u>	<u>21,294,399</u>
Total assets	<u>95,210,990</u>	<u>253,549,917</u>	<u>133,348,971</u>	<u>137,913,220</u>	<u>39,921,307</u>	<u>659,944,405</u>	<u>55,552,484</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	2,232,287	3,192,850	757,759	1,418,621	946,292	8,547,809	2,663,216
Retainage payable	1,752,491	490,061	229,176	193,878		2,665,606	
Accrued expenses	255,030	1,209,843	375,001	338,867	174,581	2,353,322	371,142
Due to other funds			258		12,779	13,037	3,896,735
Due to other governments			92,084	42,112		134,196	
Bonds payable	1,190,000	3,775,000	1,727,294			6,692,294	
Loans payable	23,087	30,668	46,211		109,419	209,385	2,449,088
Deposits		2,683,257	35,246	1,906,242	67,373	4,692,118	
Accrued compensated absences	88,184	310,278	367,736	3,477	274,122	1,043,797	426,992
Unearned revenue			417,149	475,000	9,951	902,100	
Pending insurance claims							6,020,000
Total current liabilities	<u>5,541,079</u>	<u>11,691,957</u>	<u>4,047,914</u>	<u>4,378,197</u>	<u>1,594,517</u>	<u>27,253,664</u>	<u>15,827,173</u>
Noncurrent liabilities:							
Pending insurance claims							4,563,616
Insurance claims incurred but not reported							13,989,224
Deposits		4,103,199				4,103,199	
Accrued compensated absences	89,717	146,938	254,025	44,738	298,857	834,275	816,921
Loans payable	227,458	82,160	198,071		416,033	923,722	8,079,588
Revenue bonds payable (net of unamortized discounts)	42,780,509	99,664,015	22,912,536			165,357,060	
Total noncurrent liabilities	<u>43,097,684</u>	<u>103,996,312</u>	<u>23,364,632</u>	<u>44,738</u>	<u>714,890</u>	<u>171,218,256</u>	<u>27,449,349</u>
Total liabilities	<u>48,638,763</u>	<u>115,688,269</u>	<u>27,412,546</u>	<u>4,422,935</u>	<u>2,309,407</u>	<u>198,471,920</u>	<u>43,276,522</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	30,832,039	86,854,956	69,428,336	119,177,883	13,740,660	320,033,874	10,671,093
Restricted:							
Interlocal agreement				7,597,237		7,597,237	
Debt covenant	3,572,213	4,845,362	2,969,498			11,387,073	
Unrestricted	12,167,975	46,161,330	33,538,591	6,715,165	23,871,240	122,454,301	1,604,869
Total net assets	<u>\$ 46,572,227</u>	<u>\$ 137,861,648</u>	<u>\$ 105,936,425</u>	<u>\$ 133,490,285</u>	<u>\$ 37,611,900</u>	<u>\$ 461,472,485</u>	<u>\$ 12,275,962</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2009**

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Operating revenues:							
Charges for services	\$ 9,671,731	\$ 63,047,979	\$ 28,267,558	\$ 6,884,276	\$ 9,430,607	\$ 117,302,151	\$ 61,224,320
Permits, rentals, and other		290,356	4,194,518	4,518,636	8,076,217	17,079,727	2,574,749
Total operating revenues	<u>9,671,731</u>	<u>63,338,335</u>	<u>32,462,076</u>	<u>11,402,912</u>	<u>17,506,824</u>	<u>134,381,878</u>	<u>63,799,069</u>
Operating expenses:							
Personal services	1,739,088	6,462,140	9,037,670	2,917,622	7,142,207	27,298,727	12,013,799
Operating supplies	89,098	740,023	300,168	420,066	56,198	1,605,553	3,940,427
Contractual services	329,250	27,100,681	6,937,697	2,308,215	5,207,556	41,883,399	7,106,413
Utilities	26,708	676,001	693,560	1,605,369	127,914	3,129,552	2,144,029
Insurance				160,696		160,696	10,023,554
Internal charges	572,639	3,353,641	2,674,955	1,179,718	1,453,626	9,234,579	2,204,202
Depreciation	325,497	3,818,862	1,251,937	5,087,048	822,877	11,306,221	7,498,126
Administrative fees	264,500	3,062,800	2,433,401	666,540	264,500	6,691,741	963,981
Amortization	55,440	166,561	170,738		440	393,179	16,094
Claims and judgements							18,634,344
Other operating	118,332	650,322	264,148	362,069	653,192	2,048,063	357,154
Total operating expenses	<u>3,520,552</u>	<u>46,031,031</u>	<u>23,764,274</u>	<u>14,707,343</u>	<u>15,728,510</u>	<u>103,751,710</u>	<u>64,902,123</u>
Operating income (loss)	<u>6,151,179</u>	<u>17,307,304</u>	<u>8,697,802</u>	<u>(3,304,431)</u>	<u>1,778,314</u>	<u>30,630,168</u>	<u>(1,103,054)</u>
Nonoperating revenues (expenses):							
Interest and fiscal charges	(217,349)	(2,758,658)	(1,305,199)		(11,245)	(4,292,451)	(352,222)
Gain (loss) on disposal of capital assets	7,810	4,090	2,000		(366)	13,534	28,837
Interest income	457,864	1,021,920	1,016,413	121,592	324,090	2,941,879	692,258
Total nonoperating revenues (expenses)	<u>248,325</u>	<u>(1,732,648)</u>	<u>(286,786)</u>	<u>121,592</u>	<u>312,479</u>	<u>(1,337,038)</u>	<u>368,873</u>
Income (loss) before contributions and transfers	6,399,504	15,574,656	8,411,016	(3,182,839)	2,090,793	29,293,130	(734,181)
Capital contributions			3,500,000			3,500,000	172,164
Transfers in			384,248	133	935,387	1,319,768	1,111,109
Transfers out	(589,158)		(1,079,172)		(5,736)	(1,674,066)	(71,608)
Change in net assets	<u>5,810,346</u>	<u>15,574,656</u>	<u>11,216,092</u>	<u>(3,182,706)</u>	<u>3,020,444</u>	<u>32,438,832</u>	<u>477,484</u>
Total net assets - beginning	<u>40,761,881</u>	<u>122,286,992</u>	<u>94,720,333</u>	<u>136,672,991</u>	<u>34,591,456</u>	<u>429,033,653</u>	<u>11,798,478</u>
Total net assets - ending	<u>\$ 46,572,227</u>	<u>\$ 137,861,648</u>	<u>\$ 105,936,425</u>	<u>\$ 133,490,285</u>	<u>\$ 37,611,900</u>	<u>\$ 461,472,485</u>	<u>\$ 12,275,962</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2009**

	<u>Storm Water Utility Fund</u>	<u>Water and Sewer Fund</u>	<u>Parking System Fund</u>	<u>Convention Center Complex Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities- Internal Service Funds</u>
Cash flows from operating activities:							
Cash received from customers	\$ 9,257,540	\$ 62,327,210	\$ 27,784,613	\$ 7,713,917	\$ 10,134,257	\$ 117,217,537	\$ 61,231,782
Cash paid to suppliers	125,195	(29,424,060)	(9,584,286)	(5,448,548)	(6,202,560)	(50,534,259)	(22,310,549)
Cash paid to employees	(1,719,538)	(6,394,458)	(8,906,262)	(3,386,148)	(7,064,667)	(27,471,073)	(11,872,162)
Cash paid for claims and judgements							(14,444,175)
Internal charges-payments made to other funds	(837,139)	(6,416,441)	(5,108,356)	(1,846,258)	(1,176,728)	(15,384,922)	(6,090,176)
Other operating revenues		290,356	4,194,518	4,518,636	6,748,246	15,751,756	2,466,670
Net cash provided by operating activities	<u>6,826,058</u>	<u>20,382,607</u>	<u>8,380,227</u>	<u>1,551,599</u>	<u>2,438,548</u>	<u>39,579,039</u>	<u>8,981,390</u>
Cash flows for non-capital financing activities:							
Transfers in			384,248	133	935,387	1,319,768	1,111,109
Transfers out	(589,158)		(1,079,172)		(5,736)	(1,674,066)	(71,608)
Net cash provided by (used in) non-capital financing activities	<u>(589,158)</u>		<u>(694,924)</u>	<u>133</u>	<u>929,651</u>	<u>(354,298)</u>	<u>1,039,501</u>
Cash flows from capital and related financing activities:							
Loans proceeds			23,964		250,316	274,280	1,595,965
Repayment of loan	(22,069)	(34,637)	(41,518)		(78,323)	(176,547)	(2,626,706)
Interest and fiscal charges	(221,794)	(2,808,761)	(1,317,243)		(11,725)	(4,359,523)	(368,873)
Bond payments-principal	(1,135,000)	(3,740,000)	(1,648,712)			(6,523,712)	(6,523,712)
Purchase of capital assets	(19,892,514)	(10,127,200)	(10,712,659)	(2,154,149)	(172,251)	(43,058,773)	(4,328,232)
Proceeds from sale of capital assets	7,810	4,090	2,000			13,900	161,142
Net cash (used in) capital and related financing activities	<u>(21,263,567)</u>	<u>(16,706,508)</u>	<u>(13,694,168)</u>	<u>(2,154,149)</u>	<u>(11,983)</u>	<u>(53,830,375)</u>	<u>(5,566,704)</u>
Cash flows from investing activities:							
Interest on investments	460,428	1,013,447	1,016,413	121,592	324,090	2,935,970	692,258
Net cash provided by investing activities	<u>460,428</u>	<u>1,013,447</u>	<u>1,016,413</u>	<u>121,592</u>	<u>324,090</u>	<u>2,935,970</u>	<u>692,258</u>
Net increase (decrease) in cash and equivalents	(14,566,239)	4,689,546	(4,992,452)	(480,825)	3,680,306	(11,669,664)	5,146,445
Cash and investments - beginning of year	<u>33,268,398</u>	<u>64,898,775</u>	<u>39,408,799</u>	<u>17,756,417</u>	<u>18,485,147</u>	<u>173,817,536</u>	<u>24,014,676</u>
Cash and investments - end of year	<u>\$ 18,702,159</u>	<u>\$ 69,588,321</u>	<u>\$ 34,416,347</u>	<u>\$ 17,275,592</u>	<u>\$ 22,165,453</u>	<u>\$ 162,147,872</u>	<u>\$ 29,161,121</u>
Classified as:							
Current assets	\$ 6,117,436	\$ 19,234,457	\$ 27,332,562	\$ 7,772,113	\$ 22,098,080	\$ 82,554,648	\$ 29,161,121
Restricted assets	12,584,723	50,353,864	7,083,785	9,503,479	67,373	79,593,224	
Total cash and investments	<u>\$ 18,702,159</u>	<u>\$ 69,588,321</u>	<u>\$ 34,416,347</u>	<u>\$ 17,275,592</u>	<u>\$ 22,165,453</u>	<u>\$ 162,147,872</u>	<u>\$ 29,161,121</u>
Non-cash transactions affecting financial position:							
Capital contributions of capital assets			\$ 3,500,000			\$ 3,500,000	\$ 172,164
Total Non-cash transactions affecting financial position	<u>\$</u>	<u>\$</u>	<u>\$ 3,500,000</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,500,000</u>	<u>\$ 172,164</u>

(continued)

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2009**

(continued)

	<u>Storm Water Utility Fund</u>	<u>Water and Sewer Fund</u>	<u>Parking System Fund</u>	<u>Convention Center Complex Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities- Internal Service Funds</u>
Operating income (loss)	\$ 6,151,179	\$ 17,307,304	\$ 8,697,802	\$ (3,304,431)	\$ 1,778,314	\$ 30,630,168	\$ (1,103,054)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:							
Depreciation and amortization	380,937	3,985,423	1,422,675	5,087,048	823,317	11,699,400	7,514,220
Provision for uncollectible accounts	104,780	54,711	51,889	106,647	34,075	352,102	4,427
Changes in assets and liabilities:							
(Increase) decrease in inventories		(199,918)	(1,520)			(201,438)	10,937
(Increase) decrease in accounts receivable	(518,971)	(721,946)	(469,676)	572,535	92,652	(1,045,406)	(114,253)
(Increase) decrease in due from other governments					753	753	
(Increase) decrease in due from other funds		(500)			(743,930)	(744,430)	(3,167,854)
(Increase) decrease in prepaid expense		(786)		(87,393)	10,475	(77,704)	(80,136)
Increase (decrease) in accounts payable	676,174	(146,171)	(1,370,204)	(494,616)	353,579	(981,238)	214,919
Increase (decrease) in accrued expenses	17,737	118,934	25,910	(477,788)	37,115	(278,092)	57,315
Increase (decrease) in deposits		(53,034)	5,910	(224,178)	1,274	(270,028)	
Increase (decrease) in due to other governments			(17,069)	2,649	(1,622)	(16,042)	
Increase (decrease) in due to other funds			258		12,273	12,531	3,896,735
Increase (decrease) in unearned revenues			(71,326)	374,637	52	303,363	
Increase in pending insurance claims							710,362
Increase in insurance claims incurred but not reported							964,345
Increase (decrease) in accrued compensated absences	14,222	38,590	105,578	(3,511)	40,221	195,100	73,427
Total adjustments	<u>674,879</u>	<u>3,075,303</u>	<u>(317,575)</u>	<u>4,856,030</u>	<u>660,234</u>	<u>8,948,871</u>	<u>10,084,444</u>
Net cash provided by operating activities	<u>\$ 6,826,058</u>	<u>\$ 20,382,607</u>	<u>\$ 8,380,227</u>	<u>\$ 1,551,599</u>	<u>\$ 2,438,548</u>	<u>\$ 39,579,039</u>	<u>\$ 8,981,390</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

**September 30, 2009**

	<u>Trust Funds</u>	<u>Agency Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 13,784,765	\$ 6,888,946
Receivables:		
Accounts, net		84,654
Accrued interest	3,468,565	
Contributions	1,372,109	
Prepaid expenses	5,509	
Investments, at fair value:		
Short-term investments	694,824	
U.S. Government securities	58,662,328	
Corporate bonds and notes	197,617,266	
Common stocks and index funds	250,026,378	
Aggregated bond funds	71,642,490	
Aggregated equity funds	268,632,654	
Money market funds	5,046,909	
Real estate funds	14,758,653	
Mutual funds self-directed DROP participants	6,899,422	
Total investments	<u>873,980,924</u>	
 Total assets	 <u>892,611,872</u>	 <u>6,973,600</u>
<b>Liabilities</b>		
Accounts payable	25,009,413	128,251
Deposits		6,845,349
 Total liabilities	 <u>25,009,413</u>	 <u>6,973,600</u>
<b>Net Assets</b>		
Held in trust for pension benefits	<u>\$ 867,602,459</u>	<u>\$</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

**For the Fiscal Year Ended September 30, 2009**

	Trust Funds
<b>Additions:</b>	
Contributions -	
Employer	\$ 34,432,146
Employee	11,859,413
State of Florida	1,569,411
Buybacks/transfers from other systems	1,503,248
Other	31,207
Total contributions	49,395,425
Investment Income -	
Net increase/(decrease) in fair value of investments	(16,974,926)
Interest and dividends income	22,446,673
	5,471,747
Investment management expenses	(2,810,578)
Net investment income	2,661,169
Total additions/(reduction)	52,056,594
<b>Deductions:</b>	
Benefit paid	70,302,561
Contributions refunded	960,631
Transfers to other systems	57,999
Administrative expenses	1,556,669
Total deductions	72,877,860
Net decrease	(20,821,266)
Net assets held in trust for pension benefits - beginning of year	888,423,725
Net assets held in trust for pension benefits - end of year	\$ 867,602,459

The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

**I. Summary of Significant Accounting Policies**

The financial statements of the City of Miami Beach, Florida (the "City") have been prepared in accordance with Accounting Principles Generally Accepted in the United State of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

GASB statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, offers the option of following all Financial Accounting Standards Board (FASB) standards issued after November 30, 1989, unless the latter conflict with or contradict GASB pronouncements, or not following FASB standards issued after such date. The City has selected not to implement FASB standards issued after November 30, 1989 for reporting business-type activities and enterprise funds.

**A. Reporting entity**

The City was incorporated as a municipal corporation on March 26, 1915 and was created by the Florida Legislature, Chapter 7672, Laws of Florida (1917). The City is governed by an elected mayor and six-member commission. The City operates under a Commission-Manager form of government.

Financial accountability includes such aspects as appointment of governing body members, budget review, approval of property tax levies, outstanding debt secured by the full faith credit of the City or its revenue stream, and responsibility for funding deficits.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable, or for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. The component units are described below.

1. Blended Component Units:

Miami Beach Redevelopment Agency

The Miami Beach Redevelopment Agency (the "Agency") was created under the Community Redevelopment Act of 1969, enacted by the Florida Legislature. The Agency's Board of Directors is the City Commission. The Agency's executive director is the City Manager. The Agency's budget is adopted by its directors, and over 50% of the Agency's operating revenue is derived from the City's tax increment contributions.

Miami Beach Neighborhood Improvement District No. 1

The Miami Beach Neighborhood Improvement District No. 1 (the "NID No.1") was created under Chapter 87-243, Section 55-73, of the Florida Statutes. The NID No. 1's Board of Directors is the City Commission. The NID No.1 had no financial activity during fiscal year 2009.

Miami Beach Neighborhood Improvement District No. 2

The Miami Beach Neighborhood Improvement District No. 2 (the "NID No. 2") was created under Chapter 87-243, Section 55-73, of the Florida Statutes. The NID No. 2's Board of Directors is the City Commission. The NID No. 2 had no financial activity during fiscal year 2009.

Miami Beach Neighborhood Improvement District No. 3

The Miami Beach Neighborhood Improvement District No. 3 (the "NID No.3") was created under Chapter

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
**(Continued)**

87-243, Section 55-73, of the Florida Statutes. The NID No. 3's Board of Directors is the City Commission. The NID No. 3 had no financial activity during fiscal year 2009.

Normandy Shores Local Government Neighborhood Improvement District

The Miami Beach Normandy Shores Local Government Neighborhood Improvement District (the "NSNID") was created under Chapter 163.506, of the Florida Statutes. The NSNID's Board of Directors is the City Commission. The NSNID's revenues are derived from ad valorem taxes. The NSNID is accounted for as a blended component unit in the City's Governmental Funds financial statements under the column entitled, "Other Governmental Funds".

2. Discretely Presented Component Units-Governmental Fund Type:

Miami Beach Health Facilities Authority

The Miami Beach Health Facilities Authority (the "Authority") was created under the Health Facilities Authorities Law, Chapter 154, Part III of the Florida Statutes. The Authority's Board is appointed by the City Commission, serves a four-year term and is subject to reappointment. The revenue of the Authority is derived from fees generated from the sale of bonds to finance health facilities within Miami Beach. The City receives all funds of the Authority in excess of operational needs of the Authority. Debt issued under the oversight of the Authority is not debt of the City or the Authority and therefore is not included in the accompanying financial statements. The Authority is accounted for as a discretely presented component unit in the City's financial statements. The Authority accounts for its financial activities using only a general fund.

Miami Beach Visitor and Convention Authority

The Miami Beach Visitor and Convention Authority (the "VCA") was created under Chapter 67-930, Section 8, of the Florida Statutes. The VCA is appointed by the City Commission to administer a portion of the collections of the municipal resort tax in order to promote tourism and convention business. Operating costs of the VCA are paid by the City. The VCA is accounted for as a discretely presented component unit in the City's financial statements.

Complete financial statements for the component units may be obtained at the entity's offices:

Miami Beach Redevelopment Agency  
1700 Convention Center Drive  
Miami Beach, Florida 33139

Miami Beach Visitor and Convention Authority  
777 17<sup>th</sup> Street, Suite 402A  
Miami Beach, Florida 33139

**B. Government-wide and fund financial statements**

The government-wide financial statements report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns reflect a full accrual, economic resource basis, which incorporates long-term assets as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given functional category are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given functional category and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
**(Continued)**

category. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The governmental funds financial statements are presented on a current financial resource and modified accrual basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is necessary to explain the adjustments necessary to reconcile the fund based financial statements to the government-wide presentation.

Internal service funds of a government are presented in summary form as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity.

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition, these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for the agency fund which has no measurement focus and is reported using the accrual basis of accounting. Revenues, including charges for services are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, pensions, pollution remediation obligation and other postemployment benefits are recorded only when payment is due, or when the City has made a decision to fund those obligations with current available resources.

Property taxes, when levied for, charges for services, franchise taxes, licenses, grants and intergovernmental revenues, when all eligibility requirements are met, and interest associated with the current fiscal period, if measurable and available, have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable when the City receives the cash.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
**(Continued)**

**Governmental funds** – typically are used to account for tax-supported activities. The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources that relate to the general operations of the City, except those required to be accounted for in another fund.
- The *Resort Tax Special Revenue Fund* accounts for the collection of the special tax levied city-wide on food, beverage and room rents used to support tourist related activities.
- The *Miami Beach Redevelopment Agency Special Revenue Fund* accounts for the operations of the Miami Beach Redevelopment Agency, a tax increment district of the City. The Agency was established in 1976 under the provisions of Chapter 163 of the Florida Statutes to spur development and redevelopment in the South Pointe and City Center/Historic Convention Village Redevelopment and Revitalization Area of the City. The South Pointe District under the jurisdiction of the Agency has expired and South Pointe is now under jurisdiction of the City.
- The *Capital Projects Fund* accounts for proceeds of the City's bond sales and other revenues whose expenditure is restricted to the construction and acquisition of major capital projects.

**Proprietary funds** – are used to account for activities supported, at least in part, by fees or charges. The City reports the following major proprietary funds:

- The *Storm Water Utility Fund* accounts for the storm water utility operations of the City.
- The *Water and Sewer Fund* accounts for the water and sewer operations of the City.
- The *Parking System Fund* accounts for the parking operations of the City.
- The *Convention Center Complex Fund* accounts for the Convention Center and the Theatre of Performing Arts (TOPA) operations of the City.

**Other fund types:**

*Internal service funds* - account for services provided to other departments or agencies of the government. The internal service operations include:

- *Fleet Management* – accounts for the warehouse operations and the purchase and maintenance of the City's fleet of vehicles.
- *Property Management* – accounts for the cleaning, operating and renovations of City buildings.
- *Central Services* – accounts for the operation of the office supplies warehouse, central printing function and central mail facility.
- *Risk Management Self Insurance* – accounts for the City's Risk insurance operations, both retained and insured.
- *Health Self Insurance* – accounts for the City's Health insurance operations, both retained and insured.
- *Communications* – accounts for centralized telecommunications operations.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
**(Continued)**

*Fiduciary Funds* - used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other Governments and other funds. The City reports the following fiduciary fund types:

- *Pension trust* funds include:
  - Retirement System for Miami Beach Employees',
  - Retirement System for Firefighters and Police Officers,
  - Policemen's Relief and Pension Fund,
  - Firemen's Relief and Pension Fund, and
  - Post Employment Benefits Other Than Pensions (OPEB).
- *General Agency fund* – this fund accounts for general deposits held in trust until obligations are met or refunds are made.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. The following describes the four basic types of *interfund transactions* made during the year and the related accounting policies:

1. Transactions for services rendered or facilities provided are recorded as revenue in the receiving fund and expenditures, either as internal charges or administrative fees, in the disbursing fund;
2. Transactions to reimburse a fund for expenditures made by it for the benefit of another fund are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund;
3. Transactions which are recurring annual transfers between two or more budgetary funds are recorded as transfers in and out; and
4. Transactions recording capital contributions between funds are recorded in the proprietary funds and are net to zero in the government-wide statement of activities. The governmental funds do not record capital assets or capital transfers of assets.

Amounts reported as *program revenues* include: charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments.

Internally dedicated resources are reported as general revenues rather than as program revenues. All taxes are included in general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
**(Continued)**

**D. Assets, liabilities, and net assets or equity**

1. *Cash and investments*

All cash and investments are reflected as pooled cash and investments. Cash and investments consist of demand deposits with banks, United States Treasury Obligations, State or Municipal Obligations, Money Market Funds, and Repurchase Agreements. Investments are recorded at fair value, except for those investments with remaining maturities of one year or less at the time of purchase, which are recorded at amortized cost.

For the purpose of the Statement of Cash Flows for the Proprietary Fund Types, pooled cash and investments are considered cash and cash equivalents

The cash and investments for the retirement system are maintained in separate cash and investment accounts. The retirement system investments are held in United States Treasury Obligations, loans guaranteed by Government agencies, Mutual and Money Market Funds, General Obligation or Revenue Bonds issued by States and Municipalities, dividend paying stocks of domestic corporations, bonds, notes or other interest bearing obligations of domestic corporations, and shares and accounts of savings and loan associations. The retirement system's investments are recorded at fair market value.

2. *Receivables and payables*

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets and service debt. To the extent that certain transactions between funds have not been paid or received as of September 30, balances of interfund amounts receivable or payable have been reflected. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables are shown net of an allowance for uncollectibles. Accounts receivable in excess of 90 days that are not deemed collectible, comprise the allowance for uncollectibles.

Following are the significant components of the receivables due to the City at September 30, 2009:

- a. Water, Sewer and Waste Fees – This amount represents the unpaid, unbilled and billed charges for various fines and municipal services;
- b. Taxes, Franchise Fees and Rents – This amount represents Ad Valorem taxes, including delinquent taxes, communication and utility taxes, along with franchise fees and rent payments due by September 30, 2009, but not collected as of that date;
- c. Resort Taxes Receivable – This amount represents resort taxes due by September 30, 2009, but not collected as of that date;
- d. Storm Water Receivable – This amount represents the unpaid, billed charges for treating water runoff from impervious areas; and
- e. Accrued Interest Receivable – This amount represents the interest earned but not collected on the City's investments at September 30, 2009.
- f. Intergovernmental Receivable – This amount represents grant revenue earned but not received by the City as of September 30, 2009 and state revenue sharing received within 45 days of year end.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
**(Continued)**

3. *Inventories and prepaid*

Material and supplies in inventory are reported as current assets of the proprietary funds and on the government-wide financial statements at the lower of cost or market value. Governmental funds inventory is stated at the lower of cost or market value and accounted for on the consumption basis. Fund balance is reserved for the amount of the inventory since inventories are not available for appropriation and expenditure.

Expenditures made for services that will benefit periods beyond September 30, 2009 are recorded as prepaid items in the government-wide financial statements. Accordingly a portion of fund balance has been reserved to indicate that these funds are not available for appropriation.

4. *Restricted assets*

Certain proceeds of the storm water enterprise fund revenue bonds, water and sewer enterprise fund revenue bonds, and the parking system enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. Certain proceeds in the convention center complex enterprise fund are restricted as a result of an interlocal agreement between Miami-Dade County and the City to fund the cost of capital improvements to the Convention Center and the Theatre of Performing Arts (TOPA). Customer deposits are restricted for in the water and sewer fund, parking system fund, convention center fund and other non-major enterprise funds.

5. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund statements. Capital assets are defined by the City as assets with an initial, individual cost of \$500 or more, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or at valuations, which approximate cost. In the case of initial capitalization of general infrastructure assets, the City chose to include all such items regardless of their acquisition date or amount. Gifts or contributions of property received are recorded at their estimated fair market value at the time received by the City.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. During the construction phase of capital assets, interest of business-type activities is included as part of the capitalized value of the assets constructed. Interest expense capitalized is offset by interest earned on project specific unspent bond proceeds. The following is a schedule by fund, of interest expense and the amounts included as part of the cost of capital assets under construction.

		Interest Charges		Amount Capitalized
Storm Water Utility	\$	2,442,057	\$	2,305,146
Water and Sewer		5,142,254		2,840,253
Parking Systems		1,316,400		19,133

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
**(Continued)**

Property, plant, and equipment of the City, as well as the component units, is depreciated over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and Structures	30-60 years
Parking Lots	30 years
Improvements	10-60 years
Mains and Lines	60 years
Meters and Hydrants	10-50 years
Machinery and Equipment	2-20 years

In the governmental funds, capital assets are recorded as expenditure and no depreciation expense is recorded.

6. *Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. When terminated, an employee is paid for accumulated vacation leave and a percent of unused sick leave hours, subject to certain limitations. All vacation and sick pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for those amounts is reported in governmental funds only if they have matured, as a result of employee resignations or retirements.

7. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Debt principal payments are reported as debt service expenditures.

8. *Unearned/Deferred Revenue*

Resources that do not meet revenue recognition requirements (not earned) are recorded as unearned revenue in the government-wide and the fund financial statements. In addition, amounts related to government fund receivables that are measurable, but not available, are recorded as deferred revenue in the governmental fund financial statement.

9. *Net Assets/ Fund Equity*

In the fund financial statements, fund balance classifications are:

- Nonspendable Fund Balance – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted Fund Balance - amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
**(Continued)**

- Committed Fund Balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Commission.
- Assigned Fund Balance – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purpose within the general fund.

The government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as follows:

- a. Invested in Capital Assets (net of accumulated depreciation and related debt) – is intended to reflect the portion of net assets which are associated with capital assets, less outstanding capital assets related debt, net of unspent bond and loan proceeds.
- b. Restricted Net Assets – have third party (statutory, bond covenant or granting agency) limitations on their use, or enabling legislation.
- c. Unrestricted Net Assets – have no third party limitations on their use. While City management may have categorized and segmented portions for various purposes, the City Commission has the unrestricted authority to revisit or alter these managerial decisions.

*10. Restricted Net Assets*

Restricted Net Assets consists of amounts restricted to comply with grant contracts and other externally imposed constraints or by legislation that are legally enforceable. At September 30, 2009, the Government-wide statement of net assets reports \$135,286,213 in restricted net assets. Of this amount, \$24,758,282 is restricted as a result of enabling legislation.

*11. 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 management’s estimates.

*12. Risk Management*

The City is exposed to various risks of loss from civil liability to other parties (automobile liability, general liability, police professional liability, public official liability); statutory workers' compensation benefits for injured employees; and the theft or accidental damage to City property (buildings and business contents). The City established an internal service Risk Insurance Fund (the “Fund”) to account for its risk financing activities. The Fund charges the operating funds insurance premiums. The accrued liability for estimated insurance claims represents an estimate of the ultimate cost of settling claims arising prior to year end, including claims incurred but not yet reported. The Fund pays for all claims and judgments made against the City for accidental losses for which the City is self-insured, and the premium costs for insurance policies to protect the City's property.

*13. Employee Benefits Plans and Net Pension Asset/Obligation*

The City provides separate defined benefit pension plans for general employees and for police and fire department personnel. The City no longer offers benefits under a defined contribution pension plan created in accordance with Internal Revenue Code Section 401(a) to new employees. However, current employees are still participating in the plan. The City also offers an optional deferred compensation plan

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
**(Continued)**

created in accordance with Internal Revenue Code Section 457. The 457 Plan and the 401(a) Plan are not included in the City's financial statements.

**14. Post Employment Benefits Other Than Pensions (OPEB)**

Pursuant to Section 112.08, Florida Statutes, the City is required to permit eligible retirees and their eligible dependents to participate in the City's health insurance program at a cost to the retirees that is no greater than the cost at which coverage is available for active employees. The City has a single employer OPEB plan with benefits based on age and date of employment. See Footnote 4-e for further information on the City's OPEB.

**15. Health Self Insurance**

Pursuant to City Code Chapter 78, Article II, Sections 78 through 81, the City provides for employees health care coverage with the cost of such coverage shared between the employee and the City. In addition, the collective bargaining agreements of the American Federation of State, County and Municipal Employees (ASFCME), the Communication Workers of America (CWA), and the Government Supervisors Association (GSA) all require the City to provide group health care coverage to their members. Currently the City provides its active, full time employees and retirees the opportunity to purchase group health care coverage (medical and dental). The City's group health plan excludes coverage for members of the Fraternal Order of Police (FOP) and the International Association of Fire Fighters (IAFF). FOP members are eligible to participate in the City's dental plan. The City and the employee/ retiree contribute to the cost of this coverage, at different rates, based on the plan elected.

The City established an internal service Health Insurance Fund (the "Fund") to account for Medical and Dental activities. Revenues from employee and City premiums are recorded in the Fund. The Fund pays for all claims and the premium cost of "stop loss" insurance coverage. Both medical and dental claims are administered by a third party service provider.

**II. Stewardship, compliance, and accountability**

**A. Deficit net assets**

At September 30, 2009 the City's Internal Service Self Insurance Fund has a cumulative deficit of \$8.9 million. This is a net increase of \$1.3 million from the prior year. In the fiscal year, the self insurance funds received \$19 million in operating revenues and \$.43 million in interest income. It also had \$20.7 million in operating expenses which includes \$1.7 million in actuarially determined liabilities. It is the City's intention to continue to increase revenues and thus reduce the deficit in future years.

**B. New accounting pronouncements**

Effective October 1, 2008, the City adopted the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. A pollution remediation obligation is an obligation to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. Pollution remediation activities include pre-cleanup activities, cleanup activities, external governmental oversight and enforcement – related activities and operation and maintenances of the remedy, including required monitoring of the remediation effort. Pollution remediation obligations do not include pollution prevention or control obligations with respects to current operations. For the fiscal year ended September 30, 2009, it was determined that the City did not have a Pollution Remediation Obligation.

At September 30, 2009, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes accounting and financial reporting standards for governmental funds. It establishes criteria for classifying fund balances into specifically defined classification and clarifies definitions for governmental fund types. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
**(Continued)**

bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Possible fund balance classifications are:

- Nonspendable Fund Balance – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted Fund Balance - amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed Fund Balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority.
- Assigned Fund Balance – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purpose within the general fund.

III. Detailed notes on all funds

**A. Deposits and Investments**

City’s Pooled Portfolio Investments:

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

The City’s Investments are made based on prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. If the yield of the portfolio can be improved by the sale of an investment, prior to its maturity, with the reinvestment of the proceeds, then this provision is allowed. As a means of limiting exposure to fair value losses, the City’s investment policy limits maturity of its investments to seven (7) years or less.

As of September 30, 2009, the City had the following investments in its portfolio:

City’s Investment Type	Fair Value	Investment Maturities (in years)	
		Less Than 1	1-5
U.S. government agency	\$ 216,266,335	\$ 48,219,077	\$ 168,047,258
U.S. treasuries	94,506,729	94,506,729	
Corporate bonds	36,276,468	20,809,438	15,467,030
Money Market Trust	19,781,476	19,781,476	
Repurchase agreement	50,458,025	50,458,025	
Total	\$ <u>417,289,033</u>	\$ <u>233,774,745</u>	\$ <u>183,514,288</u>

**CITY OF MIAMI BEACH, FLORIDA**  
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Credit Risk This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. State law limits investments in commercial paper and corporate bonds rated in one of the top two ratings issued by the Nationally Recognized Statistical Rating Organization (NRSROs). It is the City's policy to limit its exposure in these investment types to the top rating issued by NRSROs. U.S. government agencies are only implicitly guaranteed by the U.S. Government. U.S. Government Treasuries explicitly guaranteed by the U. S. Government are not considered to have credit risk exposure.

As of September 30, 2009 the City's investments were rated by Moody's Investors Service and Standard & Poor's as follow:

Investment Type	Issuer	Standard & Poor's	Moody's	Fair Value
Corporate Bonds:				
	Wells Fargo	AA-	A1	\$ 10,203,870
	Wal-Mart	AA	Aa2	5,478,928
	GE Capital	AA+	Aa2	10,412,575
	Merrill Lynch & Co.	A	A2	5,126,640
	Rabobank Nederland	AAA	Aaa	5,054,455
				<u>36,276,468</u>
US Government Agencies:				
	FHLB	AAA	Aaa	75,503,138
	FNMA	AAA	Aaa	28,253,569
	FHLMC	AAA	Aaa	66,956,749
	FFCB	AAA	Aaa	45,552,879
				<u>216,266,335</u>
Money Market Trust:				
	U. S. Government	AAA	Aaa	15,623,628
	Bank of America CD	N/A	N/A	4,000,000
	Other	N/A	N/A	157,848
				<u>\$ 19,781,476</u>

Concentration of Credit Risk The City's investment plan limits the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. The investment policy allows for a maximum of 100% of the portfolio in Time Deposits, U.S. Treasury Bills, U.S. Treasury Notes and Money Market Mutual/Trust Funds, 50% in U.S. Government Agencies and Municipal Obligations, 25% in Fixed Income Mutual Funds sponsored by the Florida League of Cities, 20% in Fixed Term Repurchase Agreements, Bankers Acceptances, Commercial Paper, Corporate Bond and Notes and Externally Managed Funds requiring specific approval by the City Commission, 15% in Mortgage Backed Securities, and 10% in Interest Rate Swaps.

**CITY OF MIAMI BEACH, FLORIDA**  
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The City's cash and investments held at September 30, 2009 (including restricted cash and cash with paying agent) are shown below:

	Carrying Amount	% of Portfolio
U.S. government agency	\$ 215,253,298	51.8 %
U.S. treasuries	94,428,099	22.7
Corporate bonds	35,708,720	8.6
Money market trust	19,781,476	4.8
Repurchase agreements	50,458,025	12.1
Total City Investments	415,629,618	100.0 %
City funds managed by others:		
Money market	62,412	
Cash with fiscal agent	100,000	
Common stock	38,223	
Demand deposit	130,222,595	
Total cash and investments	\$ 546,052,848	

Schedule of cash and investments by funds:

General	\$ 53,576,878
Resort Tax	7,813,288
Redevelopment Agency	11,405,094
Capital Projects	216,036,411
Storm Water	18,702,159
Water & Sewer	69,588,321
Parking	34,416,347
Convention Center Complex	17,275,592
Internal Service	29,161,121
Agency	6,888,946
OPEB Trust	8,640,417
Nonmajor Funds	72,548,274
Total cash and investments	\$ 546,052,848

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that in the event of a financial institutional failure, the City's deposits may not be returned to it.

**Deposits** All deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under the Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral equal to 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, United States governmental and agency securities, state or municipality government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280, Florida Statutes. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

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Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to the City. The security can not be released, substituted or sold without the City's approval and release of the security.

Investments The City's investment policy requires that securities be registered in the name of the City. All safekeeping receipts for investment instruments are held in accounts in the City's name and all securities are registered in the City's name.

Employee Retirement Systems Investments:

The City has adopted ordinances which govern the investment of funds for all of the Employee's Retirement Systems (the System). These investments include United States Treasury obligations, loans guaranteed by government agencies, Mutual and Money Market funds, Real Estate funds, General Obligation or Revenue Bonds issued by states and municipalities, dividend paying stocks of domestic corporations, bonds, notes or other interest bearing obligations of domestic corporations, and shares and accounts of savings and loan associations.

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

Information about the sensitivity of fair value of the System's investments to market interest rate fluctuations is provided in the table below that shows the distribution of the Systems investment by maturity at September 30, 2009.

**City Pension Fund for Firefighters and Police Officers:**

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 48,079,615	\$ 10,694,855	\$ 27,509,198	\$ 9,875,562
Corporate bonds and notes	166,320,937	14,899,025	75,773,804	75,648,108
Total	<u>\$ 214,400,552</u>	<u>\$ 25,593,880</u>	<u>\$ 103,283,002</u>	<u>\$ 85,523,670</u>

**Employees' Retirement Plan:**

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 8,166,629	\$	\$ 2,484,715	\$ 5,681,914
Corporate bonds and notes	27,154,019	661,210	6,959,951	19,532,858
Aggregated bond funds	71,545,240		445,382	71,099,858
Total	<u>\$ 106,865,888</u>	<u>\$ 661,210</u>	<u>\$ 9,890,048</u>	<u>\$ 96,314,630</u>

**CITY OF MIAMI BEACH, FLORIDA**  
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**Firemen's Relief and Pension Fund:**

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 1,538,049	\$ 201,861	\$ 854,955	\$ 481,233
Corporate bonds and notes	3,117,619	349,496	1,309,076	1,459,047
Total	<u>\$ 4,655,668</u>	<u>\$ 551,357</u>	<u>\$ 2,164,031</u>	<u>\$ 1,940,280</u>

**Policemen's Relief and Pension Fund:**

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 878,035	\$ 52,156	\$ 660,176	\$ 165,703
Corporate bonds	1,121,941	-	744,548	377,393
Short-term obligations	694,824	694,824		
Total	<u>\$ 2,694,800</u>	<u>\$ 746,980</u>	<u>\$ 1,404,724</u>	<u>\$ 543,096</u>

**Credit Risk and Concentration of Credit Risk** The System's investment policy utilizes portfolio diversification in order to control credit risk. The Systems have no limit imposed on fixed income securities issued directly by the U.S. Government or any agency or instrumentality thereof.

The City pension fund for firefighters and police officers limits corporate debt securities (bonds, notes, debentures at the time of purchase) to only the highest three categories of quality by any of the following listed services: Moody's, Standards and Poors or Fitch's Manual. Any issue which is downgraded to investment grade fourth category may be held. Any issue if downgraded below investment grade by two of the three of the above mentioned ratings services must either be sold or specifically approved for retention by the Board. Commercial paper must be rated Moody's P1 or Standard and Poors A1. Bonds issued by the State of Israel may also be purchased. The City employee's retirement system limits commercial paper to those rated only in the highest category. Other fixed income securities that are classified "Investment Grade" in the top four rating by Standard & Poor's and Moody's can also be purchased. The firefighters and police officers pension funds follows state law, which limit investments in debt securities to those with the top three ratings issued by a nationally recognized statistical rating organization.

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Credit risk is generally measured by the assignment of a rating by a nationally recognized rating organization. The following table discloses credit ratings by investment type at September 30, 2009.

**City Pension Fund for Firefighters and Police Officers:**

	Fair Value	Percentage of Portfolio
U.S. Government Securities	\$ 48,079,615	22.43 %
Quality rating of credit risk debt securities		
AA+	3,096,564	1.44
AA	6,632,484	3.09
AA-	6,536,352	3.05
A+	44,647,075	20.82
A	63,510,290	29.62
A-	20,625,316	9.62
BBB+	9,501,894	4.43
BBB	5,540,922	2.59
BBB-	3,105,444	1.45
BB+	3,124,596	1.46
Total credit risk debt securities	<u>166,320,937</u>	<u>77.57</u>
Total fixed income securities	<u>\$ 214,400,552</u>	<u>100 %</u>

**Fireman's Relief and Pension Fund:**

	Fair Value	Percentage of Portfolio
U.S. Government Securities	\$ 1,538,049	33.04 %
Quality rating of credit risk debt securities		
Aa2	312,164	6.71
Aa3	106,975	2.30
BAA1	299,516	6.43
A1	472,171	10.14
A2	1,565,278	33.62
A3	361,515	7.76
Total credit risk debt securities	<u>3,117,619</u>	<u>66.96</u>
Total fixed income securities	<u>\$ 4,655,668</u>	<u>100 %</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
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**Miami Beach Employees' Retirement Plan:**

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	
U.S. Government Securities	\$ 8,166,629	7.64	%
Quality rating of credit risk debt securities			
AAA	35,204,724	32.94	
AA+	45,391,863	42.48	
AA	203,254	0.19	
AA-	1,288,901	1.21	
A+	910,857	0.85	
A	5,055,698	4.73	
A-	2,191,337	2.05	
BBB+	2,687,493	2.52	
BBB	3,991,146	3.73	
BBB-	1,238,367	1.16	
CCC	535,619	0.50	
Total credit risk debt securities	<u>98,699,259</u>	<u>92.36</u>	
Total fixed income securities	\$ <u><u>106,865,888</u></u>	<u><u>100</u></u>	%

**Policeman's Relief and Pension Fund:**

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	
U.S. Government Securities	\$ 878,035	43.90	%
Quality rating of credit risk debt securities			
AA	111,458	5.57	
A+	319,599	15.98	
A	587,271	29.37	
A-	103,613	5.18	
Total credit risk debt securities	<u>1,121,941</u>	<u>56.10</u>	
Total fixed income securities	\$ <u><u>1,999,976</u></u>	<u><u>100</u></u>	%

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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As of September 30, 2009 the System had the following cash and investments in its portfolio:

	Fair Value
Short term investments	\$ 694,824
U.S. government securities	58,662,328
Corporate bonds and notes	197,617,266
Common stock and index funds	250,026,378
Aggregated bond funds	71,642,490
Aggregated equity funds	268,632,654
Money market funds	5,046,909
Real Estate funds	14,758,653
Mutual funds	6,899,422
Cash	5,144,348
Total cash and investments	\$ 879,125,272

Investments are reported at fair value. The fair value of quoted investments is based on the closing sales price or bid price as reported by recognized security exchanges. Fair value for stocks is determined by using the closing price listed on the national securities exchanges at September 30. 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, time deposits and short-term investment pools are valued at cost which approximates market.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that in the event of a financial institutional failure, the System's deposits may not be returned to it. Consistent with the System's investment policy, the investments are held by the System's custodial bank and registered in the System's name. All System's deposits are insured and or collateralized by a financial institution separate from the System's depository financial institution.

Discretely Presented Component Units

Component unit's cash and investment in the amount of \$2,502,847 consists of demand deposit and money market deposit accounts. These accounts are not subjected to interest rate risks, credit risks or concentration of credit risks. All deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under the Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral equal to 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, United States governmental and agency securities, state or municipality government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280, Florida Statues. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to the component unit. The security can not be released, substituted or sold without the component unit's approval and release of the security.

**CITY OF MIAMI BEACH, FLORIDA**  
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**B. Receivables**

Receivables at September 30, 2009 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, 2009 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities						Total
	General	Resort Tax	Redeve- lopment Agency	Capital Projects	Internal Service	Nonmajor Funds	
Receivables:							
Accounts	\$ 6,835,881	\$ 2,078,991	\$ 17,289	\$ 51,952	\$ 288,809	\$ 811,477	\$ 10,084,399
Special Assessments		826,513					826,513
Taxes	11,065,131					519,877	11,585,008
Gross receivables	<u>17,901,012</u>	<u>2,905,504</u>	<u>17,289</u>	<u>51,952</u>	<u>288,809</u>	<u>1,331,354</u>	<u>22,495,920</u>
Less: allowance for uncollectible accounts	<u>(3,053,343)</u>			<u>(114)</u>	<u>(11,046)</u>	<u>(277,436)</u>	<u>(3,341,939)</u>
Net total receivables	<u>\$ 14,847,669</u>	<u>\$ 2,905,504</u>	<u>\$ 17,289</u>	<u>\$ 51,838</u>	<u>\$ 277,763</u>	<u>\$ 1,053,918</u>	<u>\$ 19,153,981</u>

	Business-type Activities					Total
	Storm Water	Water and Sewer	Parking	Convention Center Complex	Nonmajor Funds	
Receivables:						
Accounts	\$ 1,372,236	\$ 6,369,278	\$ 4,256,428	\$ 1,519,054	\$ 2,010,111	\$ 15,527,107
Gross receivables	1,372,236	6,369,278	4,256,428	1,519,054	2,010,111	15,527,107
Less: allowance for uncollectible accounts	<u>(446,903)</u>	<u>(1,196,546)</u>	<u>(65,952)</u>	<u>(184,717)</u>	<u>(905,246)</u>	<u>(2,799,364)</u>
Net total receivables	<u>\$ 925,333</u>	<u>\$ 5,172,732</u>	<u>\$ 4,190,476</u>	<u>\$ 1,334,337</u>	<u>\$ 1,104,865</u>	<u>\$ 12,727,743</u>

Property values are assessed (levied) by the Miami-Dade County Property Assessor as of January 1 of each year, at which time taxes become an enforceable lien on property. State of Florida Amendment No. 10 to the Florida Constitution known as "Save our Homes" limits assessment increases on homestead property to the lesser of 3% or the consumer price index. Tax bills are mailed in October and are payable upon receipt with discounts at the rate of 4% if paid in November, decreasing by 1% per month with no discount available if paid in the month of March. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of personal property taxes by seizure of the property or by the sale of the property or by the sale of interest bearing tax certificates to satisfy unpaid property taxes. The procedures result in the collection of essentially all taxes prior to June 30 of the year following the year of assessment.

**CITY OF MIAMI BEACH, FLORIDA**  
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**(Continued)**

**C. Capital assets**

Capital asset activities for the year ended September 30, 2009 were as follows:

**Primary Government  
Governmental activities:**

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 45,832,216	\$	\$	\$ 45,832,216
Construction work-in-progress	240,782,838	70,147,607	45,982,424	264,948,021
Total capital assets, not being depreciated	286,615,054	70,147,607	45,982,424	310,780,237
Capital assets, being depreciated:				
Building	91,841,185			91,841,185
Permanent improvements	125,957,140	40,413,087	1,020,737	165,349,490
Furniture & fixtures	2,459,606	389,724	98,076	2,751,254
Equipment	81,534,827	5,018,535	14,081,331	72,472,031
Infrastructure	116,795,794	2,903,244	(1,020,617)	120,719,655
Total capital assets, being depreciated	418,588,552	48,724,590	14,179,527	453,133,615
Less: accumulated depreciation for:				
Building	41,921,262	1,719,317		43,640,579
Permanent improvements	68,430,950	3,088,948		71,519,898
Furniture & fixtures	1,779,268	318,984	54,350	2,043,902
Equipment	57,108,336	8,264,121	13,971,973	51,400,484
Infrastructure	88,312,993	2,465,659		90,778,652
Total accumulated depreciation	257,552,809	15,857,029	14,026,323	259,383,515
Total capital assets, being depreciated, net	161,035,743	32,867,561	153,204	193,750,100
Governmental activities capital assets, net	\$ 447,650,797	\$ 103,015,168	\$ 46,135,628	\$ 504,530,337

**CITY OF MIAMI BEACH, FLORIDA**  
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**Primary Government**  
**Business-type activities:**

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 24,274,408	\$	\$	\$ 24,274,408
Construction work-in-progress	<u>173,031,287</u>	<u>37,676,535</u>	<u>12,272,935</u>	<u>198,434,887</u>
Total capital assets, not being depreciated	<u>197,305,695</u>	<u>37,676,535</u>	<u>12,272,935</u>	<u>222,709,295</u>
Capital assets, being depreciated:				
Main & lines	95,601,365	147,790		95,749,155
Building & structure	204,986,252	14,550,558	510,034	219,026,776
Meters & hydrants	14,753,917	146,083		14,900,000
Furniture, equipment & vehicles	65,663,672	2,128,491	580,770	67,211,393
Improvements other than building	<u>10,665,803</u>	<u></u>	<u>(510,034)</u>	<u>11,175,837</u>
Total capital assets, being depreciated	<u>391,671,009</u>	<u>16,972,922</u>	<u>580,770</u>	<u>408,063,161</u>
Less: accumulated depreciation for:				
Main & lines	22,680,860	1,600,464		24,281,324
Building & structure	84,198,586	5,026,610		89,225,196
Meters & hydrants	8,886,816	284,081		9,170,897
Furniture, equipment & vehicles	22,343,655	4,269,128	586,358	26,026,425
Improvements other than building	<u>4,508,650</u>	<u>125,938</u>	<u></u>	<u>4,634,588</u>
Total accumulated depreciation	<u>142,618,567</u>	<u>11,306,221</u>	<u>586,358</u>	<u>153,338,430</u>
Total capital assets, being depreciated, net	<u>249,052,442</u>	<u>5,666,701</u>	<u>(5,588)</u>	<u>254,724,731</u>
Business-type activities, combined capital assets, net	<u>\$ 446,358,137</u>	<u>\$ 43,343,236</u>	<u>\$ 12,267,347</u>	<u>\$ 477,434,026</u>

**CITY OF MIAMI BEACH, FLORIDA**  
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Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 8,836,061
Public safety	1,296,595
Physical environment	97,721
Transportation	3,339,798
Economic environment	84,682
Culture and recreation	<u>2,202,172</u>
Total depreciation expense - governmental activities	<u>\$ 15,857,029</u>
 <b>Business-type activities</b>	
Storm Water	\$ 325,497
Water & Sewer	3,818,862
Parking Systems	1,251,937
Convention Center Complex	5,087,048
Nonmajor enterprise	<u>822,877</u>
Total depreciation expense - business-type activities	<u>\$ 11,306,221</u>

Accumulated Depreciation – For governmental activities, the increase in accumulated depreciation includes \$7,498,126 of depreciation expenses for internal services.

**D. Construction and other commitments**

At September 30, 2009 the City has active construction projects which includes, but is not limited to water; waste water and storm water improvements; as well as a variety of streetscape enhancement projects. The following table sets forth these commitments by fund:

Capital Projects	\$ 40,567,734
Storm Water Utility	1,963,547
Water & Sewer	8,652,565
Parking Systems	2,170,510
Convention Center Complex	1,220,568
Non-major Enterprise Funds	<u>73,385</u>
	<u>\$ 54,648,309</u>

The City had the following encumbrance commitments at September 30, 2009

General Fund	\$ 905,135
Resort Tax Fund	27,500
Capital Project Funds	40,567,735
Other Governmental Funds	<u>5,170,793</u>
	<u>\$ 46,671,163</u>

**CITY OF MIAMI BEACH, FLORIDA**  
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**E. Interfund receivables, payables and transfers**

Interfund balances at September 30, 2009 consist of the following:

Due From	Due To								Total
	General	Resort Tax	Redevelopment Agency	Capital Projects	Other Governmental	Parking Systems	Other Enterprise	Internal Service	
General	\$	\$	\$ 293,768	\$ 795,870	\$ 242,112	\$	\$	\$ 894,664	\$ 2,226,414
Redevelopment Agency	12,727	379,925		630,987		258			1,023,897
Water & Sewer Enterprise			2,317,859	500					500
Internal Service	74,585		127,866		334		12,779	3,002,071	3,217,635
	<u>\$ 87,312</u>	<u>\$ 379,925</u>	<u>\$ 2,739,493</u>	<u>\$ 1,427,357</u>	<u>\$ 242,446</u>	<u>\$ 258</u>	<u>\$ 12,779</u>	<u>\$ 3,896,735</u>	<u>\$ 8,786,305</u>

The outstanding balances between fund result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payment between funds are made. All outstanding balances will be paid within the subsequent fiscal year.

Interfund transfers for the year ended September 30, 2009 consisted of the following:

Transfer Out	Transfer In									Total
	General	Resort Tax	Redevelopment Agency	Capital Projects	Other Governmental	Storm Water	Parking	Other Enterprise	Internal Service	
General	\$	\$ 21,865,440	\$	\$	\$ 17,637	\$	\$ 550,000	\$	\$	\$ 22,433,077
Redevelopment Agency		3,277,681		630,987						3,908,668
Capital Projects	7,000,000	3,128,407	20,319,814	2,104,143						32,552,364
Other Governmental	7,380,568	2,363,236	10,087,838		1,725,292	5,158	29,412	5,736	71,213	21,668,453
Convention Center									133	133
Parking					246,722		137,526			384,248
Other Enterprise						584,000	351,125		262	935,387
Internal Service	1,100,000						11,109			1,111,109
	<u>\$ 15,480,568</u>	<u>\$ 30,634,764</u>	<u>\$ 30,407,652</u>	<u>\$ 2,735,130</u>	<u>\$ 1,989,651</u>	<u>\$ 589,158</u>	<u>\$ 1,079,172</u>	<u>\$ 5,736</u>	<u>\$ 71,608</u>	<u>\$ 82,993,439</u>

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due (2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, and (3) move unrestricted general revenues to

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finance various programs that the government must account for in other funds in accordance with budgetary authorizations. Major transfers for the year were:

\$7 million was transferred from the General Fund to the Capital Projects Fund for capital reserves. The General Fund also transferred \$2.2 million for capital renewal and replacement, \$4.9 million for debt service payment and \$1.1 million transferred to the Information and Technology Fund.

\$21.9 million was transferred from the Resort Tax Fund to the General Fund to support South Beach, Middle Beach and North Beach Services, various culture and recreation events, and tourism related citywide expenditures. The Resort Tax Fund also transferred \$3.3 million to the Redevelopment Agency Fund for debt service payments and \$3.1 million was transferred to Capital Projects Fund to fund various approved capital projects.

\$20.3 million was transferred from the Redevelopment Agency Fund to the Capital Projects Fund to finance various projects in the RDA City Center District, along with \$10.1 million to Other Governmental Funds for debt service payments.

**F. Leases**

**1. Operating Leases**

The City serves as the lessor for tenants leasing various parking facilities, marina, and offices and retail facilities. The tenant leases are considered operating leases, which expire at various dates through fiscal year 2053. Future minimum lease receivables under the operating leases at September 30, 2009, are as follows:

September 30	Business-type Operating Leases	Governmental Operating Leases
2010	\$ 1,459,246	\$ 1,129,759
2011	1,459,246	1,145,864
2012	1,459,246	909,727
2013	1,406,503	762,263
2014	1,291,436	719,155
2015 and thereafter	<u>26,676,230</u>	<u>13,744,882</u>
	<u>\$ 33,751,907</u>	<u>\$ 18,411,650</u>

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The following schedule provides an analysis of the City's investment in property under operating leases and property held for lease by major classes as of September 30, 2009:

Parking facility	\$	2,656,411
Retail space		25,452,299
Marina		5,654,752
		33,763,462
Less: Accumulated depreciation		(16,198,601)
Net book value of leased assets	\$	17,564,861

**G. Long-Term debt**

**1. General Obligation Bonds – Governmental Activities**

The City issues general obligation bonds to provide funds for the acquisition, construction and improvements of major capital facilities. General obligation bonds have been issued for governmental activities. The amount of outstanding general obligation bonds issued is \$73,580,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 20-year serial bonds.

The General Obligation Bonds outstanding at September 30, 2009 consist of the following:

Issue Name	Interest Rate	Year Issued	Final Maturity	Original Issue	Outstanding 09/30/2009
1985B Gulf Breeze	4.55-5.40	2000	2013	\$ 15,910,000	\$ 7,335,000
1985E Gulf Breeze	5.50-5.80	2000	2020	14,090,000	14,090,000
General Obligation - Series 2003	2.00-5.25	2003	2033	62,465,000	52,155,000
Total General Obligation Bonds				\$ 92,465,000	\$ 73,580,000

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Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ending September 30	General Obligation Bonds Governmental Activities		
	Principal	Interest	Total
2010	\$ 2,595,000	\$ 3,420,528	\$ 6,015,528
2011	2,705,000	3,312,847	6,017,847
2012	2,815,000	3,196,357	6,011,357
2013	2,955,000	3,049,837	6,004,837
2014	3,090,000	2,915,762	6,005,762
2015-2019	17,845,000	12,106,404	29,951,404
2020-2024	15,795,000	7,455,227	23,250,227
2025-2029	13,075,000	4,638,725	17,713,725
2030-2033	12,705,000	1,460,475	14,165,475
	<u>73,580,000</u>	<u>41,556,162</u>	<u>115,136,162</u>
Plus: Unamortized Bond Premium	302,889		302,889
	<u>\$ 73,882,889</u>	<u>\$ 41,556,162</u>	<u>\$ 115,439,051</u>

The principal payments of the \$15,910,000 Gulf Breeze VDRS Series 1995B are to be repaid in thirteen annual installments commencing December 1, 2001 with interest paid semi-annually. The principal payments of the \$14,090,000 Gulf Breeze VDRS Series 1985E are to be repaid in seven annual installments commencing December 1, 2014 with interest paid semi-annually. The funds were used to expand, renovate and improve fire stations and related facilities; improve recreation and maintenance facilities for parks and beaches; and, improve neighborhood infrastructure and related facilities.

On July 22, 2003, the City issued General Obligation Bonds, Series 2003, in the amount of \$62,465,000. These bonds were issued to provide funds to pay the cost of improving neighborhood infrastructure in the City, consisting of streetscape and traffic calming measures, shoreline stabilization and related maintenance facilities, and Fire Safety Projects and the Parks and Beaches projects. The Bonds will be repaid solely from ad-valorem taxes assessed, levied and collected.

**2. Special Obligation Bonds – Governmental Activities**

At September 30, 2009 the outstanding principal of special obligation bond issues and repayment sources are as follows:

Issue Name	Repayment Source	Total Original Issue	Total Outstanding Principal
1985B Gulf Breeze fixed rate	Non Ad-Valorem	\$ 2,200,000	\$ 1,280,000
1985C Series 2001 Gulf Breeze fixed rate	Non Ad-Valorem	14,301,954	8,200,764
1985E Gulf Breeze fixed rate	Non Ad-Valorem	22,500,000	15,170,000
1994 Sunshine State VRDS	Non Ad-Valorem	30,000,000	2,930,000
1998A Tax Increment Revenue Bonds	RDA Tax increment Revenue	29,105,000	10,000,000
2005 Pension Refunding Bonds	Non Ad-Valorem	53,030,000	42,885,000
2005A Tax Increment Revenue Refunding Bonds	RDA Tax increment Revenue	51,440,000	47,180,000
2005B Tax Increment Revenue Refunding Bonds	RDA Tax increment Revenue	29,300,000	26,560,000
Total Special Obligation Bonds		<u>\$ 231,876,954</u>	<u>\$ 154,205,764</u>

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During fiscal 1994, the City executed a loan agreement with The Sunshine State Governmental Financing Commission to borrow \$30,000,000 on a variable rate note, principal to be repaid in twenty annual installments commencing September 1, 1995 through September 1, 2014. Interest is paid monthly at a variable rate. Interest at September 30, 2009 was 1.10%. On August 1, 2001 the City executed a loan agreement to repay a portion of the outstanding principal for this loan of \$14,977,000.

On September 1, 2005 the City issued \$53,030,000 in taxable Series 2005 Special Obligation Bonds for the purposes of, together with other legally available funds of the City, refunding the City's outstanding Taxable Special Obligation Bonds( Pension Funding Project), Series 1994 maturing September 1, 2015 and September 1, 2021, making the required payment with respect to a Hedge Agreement and paying the costs of issuing the Series 2005 and refunding the Refunded Bonds, including the premiums for the Bond Insurance Policy and Reserve Account Surety Bond. The Series 2005 bonds were issued with interest rates of 4.24% to 5.23% payable semiannually on March 1 and September 1.

On July 1, 1998, the Agency issued \$29,105,000 (Series 1998A) and \$9,135,000 (Series 1998B) in tax-increment bonds. These bonds are secured by a lien upon and pledge of the pledged funds, which include (a) the net trust fund revenue received by the Agency from the City Center/Historic Convention Village Redevelopment and Revitalization Area, (b) the portion of the proceeds for the City's municipal resort tax levied and collected by the City and received by the trustee, and (c) moneys and investments in the funds and accounts created under the resolution. The Series 1998A bonds were issued with interest rates of 6.70% to 7.00% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2020. The Series 1998B bonds were paid off on December 1, 2008. The bonds are subject to a trust indenture, which requires that annual debt service requirements be fully funded upon receipt of trust fund revenue and supplemental revenue, and that any shortage shall be funded based on the supplemental revenue resolution. The Series 1998A Tax-increment bonds were partially refunded/defeased by the issuance of the Series 2005A and 2005B tax increment revenue refunding bonds on September 22, 2005. The Series 1998A bonds had a remaining outstanding principle balance of \$10,000,000 at September 30, 2009.

On September 22, 2005, the Agency issued \$51,440,000 (Series 2005A) and \$29,330,000 (Series 2005B) in tax-increment bonds. These bonds are secured by a lien upon and pledge of the pledged funds, which include (a) the net trust fund revenue received by the Agency from the Redevelopment Area, (b) the portion of the proceeds for the City's municipal resort tax levied and collected by the City and received by the trustee, and (c) moneys and investments in the funds and accounts created under the resolution. The Series 2005A bonds were issued with interest rates of 4.31% to 5.22% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2022. The Series 2005B bonds were issued with interest rates of 3.25% to 5.00% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2022. The bonds are subject to a trust indenture, which requires that annual debt service requirements be fully funded upon receipt of trust fund revenue and supplemental revenue, and that any shortage shall be funded based on the supplemental revenue resolution.

At September 30, 2009, \$18,920,000 of the Agency's bonds outstanding are considered defeased.

On August 1, 2001, the City executed three loan agreements with the City of Gulf Breeze, Florida, Local Government Pool to borrow \$47,145,000 on fixed rate notes. The Gulf Breeze Series B, in the amount of \$2,200,000, principal is to be repaid in fourteen annual installments commencing December 1, 2002 with interest paid semi-annually. The Gulf Breeze Series C, in the amount of \$22,445,000, principal is to be repaid in fourteen annual installments commencing December 1, 2002 with interest paid semi-annually. The Gulf Breeze Series E, in the amount of \$22,500,000, principal is to be repaid in nineteen annual installments commencing December 1, 2002 with interest paid semi-annually. \$17,115,000 was used to repay the outstanding balance of the City Gulf Breeze, Florida Local Government Loan Program Series 1985 C variable rate notes. \$14,977,000 was used to repay a portion of the outstanding principal from the

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Sunshine State Loan. The remaining funds will be used for the renovation and improvement of two City owned golf courses and their related facilities. A portion of the Gulf breeze 1985 C outstanding debt relates to the construction of a Parking Garage. The Parking Enterprise Fund includes an outstanding amount of \$4,669,228 that relates to this debt.

On August 15, 2007, the City defeased the Resort Tax Refunding Bonds, Series 1996. As a result, the outstanding balance of \$3,060,000 was removed from the governmental activities column of the statement of net assets. At September 30, 2009, \$1,470,000 is still considered defeased.

At September 30, 2009 debt service requirements to maturity for special obligation bonds are as follows:

Fiscal Year Ending September 30	Debt Service Requirements Special Obligation Bonds		
	Principal	Interest	Total
2010	\$ 10,037,706	\$ 7,548,679	\$ 17,586,385
2011	10,479,124	7,099,680	17,578,804
2012	10,955,542	6,606,755	17,562,297
2013	11,677,890	6,079,948	17,757,838
2014	12,245,238	5,516,060	17,761,298
2015-2019	59,875,264	18,563,297	78,438,561
2020-2023	38,935,000	3,771,537	42,706,537
	154,205,764	55,185,956	209,391,720
Plus: Net unamortized Bond Premium	1,040,476		1,040,476
	\$ 155,246,240	\$ 55,185,956	\$ 210,432,196

The City has pledged net revenues received by the Redevelopment Agency from the City Center/ Historic Convention Village Redevelopment and Revitalization Area of the City and proceeds from the municipal resort tax levied and collected by the City for the 1998 and 2005 Series Tax Increment Revenue Refunding Bonds. For the fiscal year ended September 30, 2009, debt service on the tax increment bonds was \$8,374,697 and tax increment revenues totaled \$33,446,103. Remaining outstanding principal and interest is \$117,798,862.

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**3. Revenue bonds – Business-Type Activities**

a. Parking Fund

The Parking Revenue Fund had the following changes in its current and Long-Term debt outstanding for the year ended September 30, 2009:

Indebtedness	Balance 10/01/2008	Debt Repaid	Balance 09/30/2009
Bonds	\$ 26,657,948	\$ 1,648,720	\$ 25,009,228
	<u>\$ 26,657,948</u>	<u>\$ 1,648,720</u>	<u>\$ 25,009,228</u>

Parking Revenue Fund indebtedness at September 30, 2009, is comprised of the following issued indebtedness:

\$21,000,000	1997 Parking Revenue Bonds due in annual installments through 2022: interest at 4.00% - 5.125%	<u>\$ 20,340,000</u>
\$ 8,143,046	Series 2001 (1985C) Gulf Breeze Loan Pool due in annual installments through 2015: interest at 3.875% - 4.75%	<u>\$ 4,669,228</u>

At September 30, 2009, none of the bonds outstanding are considered defeased.

The aggregate maturities of Long-Term Debt at September 30, 2009, are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2010	\$ 1,727,294	\$ 1,240,684	\$ 2,967,978
2011	1,810,876	1,158,622	2,969,498
2012	1,894,458	1,069,761	2,964,219
2013	1,987,110	974,223	2,961,333
2014	2,089,762	874,050	2,963,812
2015-2019	9,584,728	2,871,106	12,455,834
2020-2022	<u>5,915,000</u>	<u>616,282</u>	<u>6,531,282</u>
	25,009,228	8,804,728	33,813,956
Less: Unamortized Bond Discount	<u>369,398</u>		<u>369,398</u>
	<u>\$ 24,639,830</u>	<u>\$ 8,804,728</u>	<u>\$ 33,444,558</u>

The Series 1996 and 1997 revenue bonds are payable from and secured by a lien on and pledge of net revenues derived from the operation of the City's parking system. The total principal and interest remaining to be paid on the bonds is \$33,813,956. Principal and interest paid for the current year and total customer net revenues were \$2,966,933 and \$5,884,441 respectively.

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b. Water and Sewer Fund

The Water & Sewer Fund issued \$59,060,000 in Water and Sewer Revenue Bonds, Series 1995, on June 8, 1995. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The bonds were issued to construct various improvements and extensions to the Water and Sewer utility. This bond was refunded by the issuance of the Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1 and 2006C on May 1, 2006.

The Water & Sewer Fund issued \$54,310,000 in Water and Sewer Revenue Bonds, Series 2000, on September 1, 2000. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The bonds were issued to construct various improvements and extensions to the Water and Sewer utility.

On May 1, 2006, the City obtained four loans from the City of Gulf Breeze, Florida Local Government Loan Pool Program. The City of Miami Beach intends to use a loan from the City of Gulf Breeze, Florida, Series 1985B Bond proceeds and a loan from the City of Gulf Breeze, Florida, Series 1985C proceeds to refund all of the City of Miami Beach's outstanding Water & Sewer Revenue Bonds, Series 1995. In addition, the City intends to use a loan from the City of Gulf Breeze, Florida, Series 1985B Bond proceeds and a loan of the City of Gulf Breeze, Florida, Series 1985E Bond proceeds to pay the cost of certain improvements to its water and sewer utility. As evidence of such loans, the City's Water and Sewer Fund issued \$8,500,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1, \$18,300,000 in Water and Sewer Revenue Bonds, Taxable Series 2006B-2, \$27,500,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series, 2006C, and \$5,700,000 in Water and Sewer Revenue Bonds, Taxable Series 2006E. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The Refunding bonds were issued to refund the Water and Sewer Revenue Bonds, Series 1995, and the other two bonds were issued to construct various improvements and extensions to the Water and Sewer utility.

Indebtedness of the Water and Sewer Fund at September 30, 2009 is as follows:

\$ 54,310,000	2000 Revenue Bonds due in annual installments through 2030: Interest at 5.00% - 5.75%	<u>\$ 54,310,000</u>
\$ 8,500,000	2006B-1 Water & Sewer Revenue Refunding Bonds Gulf Breeze Loan Series 1985B due in annual installments through 2015: Interest at 4.25% - 4.50%	<u>\$ 8,500,000</u>
\$ 18,300,000	2006B-2 Water & Sewer Revenue Bonds Gulf Breeze Loan Series 1985B due in annual installments through 2019: Interest at 4.40% - 4.50%	<u>\$ 18,300,000</u>
\$ 27,500,000	2006C Water & Sewer Revenue Refunding Bonds Gulf Breeze Loan Series 1985C due in annual installments through 2013: Interest at 4.00% - 4.50%	<u>\$ 16,995,000</u>
\$ 5,700,000	2006E Water & Sewer Revenue Bonds Gulf Breeze Loan Series 1985E due in annual installments through 2020: Interest at 5.00%	<u>\$ 5,700,000</u>

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The aggregate maturities of Long-term debt as of September 30, 2009 are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2010	\$ 3,775,000	\$ 5,036,856	\$ 8,811,856
2011	3,930,000	4,882,754	8,812,754
2012	4,100,000	4,722,155	8,822,155
2013	4,285,000	4,554,455	8,839,455
2014	3,185,000	4,397,093	7,582,093
2015-2019	31,495,000	18,444,050	49,939,050
2020-2024	25,930,000	10,568,838	36,498,838
2025-2029	21,995,000	4,830,338	26,825,338
2030	5,110,000	255,500	5,365,500
	<u>103,805,000</u>	<u>57,692,039</u>	<u>161,497,039</u>
Less: Unamortized Bond Discount	<u>365,985</u>	<u>                    </u>	<u>365,985</u>
	<u><u>\$ 103,439,015</u></u>	<u><u>\$ 57,692,039</u></u>	<u><u>\$ 161,131,054</u></u>

The Series 2000 and 2006 revenue bonds are payable from and secured by a lien on and pledge of net revenues of the water and sewer utility and to the extent provided in the bond resolution, from impact fees, and from all moneys held in the funds and accounts established under the bond resolution. The total principal and interest remaining to be paid on the bonds is \$161,467,039. Principal and interest paid for the current year and total customer net revenues were \$8,927,155 and \$20,967,734 respectively.

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c. Storm Water

The Storm Water Fund issued \$52,170,000 in Storm Water Revenue Bonds, Series 2000, on November 7, 2000. The bonds will be repaid solely from pledged revenues of the Storm Water System. They are registered transcripts and insured. The bonds were issued to construct certain improvements to the Storm Water utility. Indebtedness of the Storm Water Fund at September 30, 2009 is as follows:

\$52,170,000    2000 Storm Water Revenue Bonds Due in annual installments through 2030:  
Interest at 4.5%-5.75% \$44,350,000

The aggregate maturities of Long-term debt at September 30, 2009 are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2010	\$ 1,190,000	\$ 2,381,166	\$ 3,571,166
2011	1,245,000	2,324,641	3,569,641
2012	1,305,000	2,264,881	3,569,881
2013	1,380,000	2,189,844	3,569,844
2014	1,460,000	2,110,494	3,570,494
2015-2019	8,645,000	9,202,006	17,847,006
2020-2024	11,220,000	6,623,181	17,843,181
2025-2029	14,515,000	3,329,775	17,844,775
2030	3,390,000	182,213	3,572,213
	<u>44,350,000</u>	<u>30,608,201</u>	<u>74,958,201</u>
Less: Unamortized Bond Discount	<u>379,491</u>		<u>379,491</u>
	<u>\$ 43,970,509</u>	<u>\$ 30,608,201</u>	<u>\$ 74,578,710</u>

The Series 2000 bonds are payable from and secured by a lien on and pledge of net revenues of the stormwater utility and from all moneys held in the funds and accounts established under the Bond Resolution. The total principal and interest remaining to be paid on the bonds is \$74,958,201. Principal and interest paid for the current year and total customer net revenues were \$3,569,511 and \$6,510,047 respectively.

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**4. Loans**

In October 2001, the City entered into a loan agreement that allows the City to be reimbursed for purchases of machinery and equipment up to a maximum of \$21,000,000. The interest is calculated at funding at ninety day LIBOR rates times 64%, plus spreads for the specified life terms. On February 20, 2008, the City refinanced this loan with another financial institution. This new loan agreement also allows the City to be reimbursed for the purchase of machinery and equipment up to a maximum of \$37,500,000. The interest rates on this new loan agreement range from 2.6% to 4.5%. At September 30, 2009, the City was indebted for \$ 11,661,783.

The aggregate maturities of loans at September 30, 2009 are as follows:

Fiscal Year Ending September 30	Loans		
	Principal	Interest	Total
2010	\$ 2,658,473	\$ 375,001	\$ 3,033,474
2011	2,327,727	288,097	2,615,824
2012	1,926,409	212,759	2,139,168
2013	1,832,722	146,608	1,979,330
2014	1,247,322	89,087	1,336,409
2015-2019	1,669,130	95,326	1,764,456
	<u>\$ 11,661,783</u>	<u>\$ 1,206,878</u>	<u>\$ 12,868,661</u>

The above debt has been recorded in the following funds:

Internal Service	\$ 10,528,676
Stormwater	250,545
Water & Sewer	112,828
Parking	244,282
Other Enterprise	525,452
	<u>\$ 11,661,783</u>

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**5. Other Obligations**

On June 28, 1999, the City issued a Non-ad Valorem Revenue Note, Series 1999, to Florida Power & Light Company ("FPL") in the amount of \$3,941,059 with an annual interest rate not to exceed 4.75%. The note is for a ten year period and interest and principal payments of \$248,857 are due on the first day of June and December of each year until June 1, 2009. The City issued the note to finance a contribution to aid construction of an underground electric transmission line within the City limits. This loan was paid off during fiscal year 2009.

On September 27, 2000, the City was granted a \$4,000,000 Section 108 U. S. Housing and Urban Development loan. The City has drawn \$4,000,000 of this loan for improvements to neighborhood Streets, North Shore Park and Youth Center. At September 30, 2009, the outstanding balance on the amount drawn was \$1,260,000. The interest rate on this loan is a variable rate (LIBOR plus 20 basis points or .2%) Principal payments are made annually on the first of August and interest payments are made quarterly. This loan matures on August 1, 2015.

The aggregate maturities of other long-term obligations at September 30, 2009 are as follows:

Fiscal Year Ending September 30	Long-term Obligation	Interest	Total
2010	\$ 210,000	\$ 7,064	\$ 217,064
2011	210,000	5,887	215,887
2012	210,000	4,709	214,709
2013	210,000	3,532	213,532
2014	210,000	2,355	212,355
2015	210,000	1,177	211,177
	<u>\$ 1,260,000</u>	<u>\$ 24,724</u>	<u>\$ 1,284,724</u>

On May 13, 2009, the City of Miami Beach issued Resolution No. 2009-27076 which authorized the issuance of three lines of credit not to exceed an aggregate principal amount of \$60 million to pay the costs of water, sewer and stormwater projects. The lines of credit were obtained from three different financial institutions for \$20 million each. Tax-exempt draws against the line of credit will have a variable interest rate equal to the greater of (1) 2.00% or (2) the 30-day Libor rate plus 1.55%, and the taxable draws will have a variable rate equal to the greater of (1) 3.00% or (2) the sum of 2.30% plus the Libor Rate. There will be an annual fee of .80% on the unused portion of the line of credit payable on a quarterly basis. The City shall pay the financial institutions the entire unpaid principal balance together with all accrued and unpaid interest on November 21, 2010 (the "Maturity Date"). As of September 30, 2009, no amounts have been drawn down from any of the lines of credit.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
**(Continued)**

**6. Changes in long-term liabilities**

Long-term liability activity for the year ended September 30, 2009 is as follows:

**Governmental activities:**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Bonds payable:</b>					
General obligation	\$ 76,085,000		\$ 2,505,000	\$ 73,580,000	\$ 2,595,000
Special obligation	163,792,052		9,586,288	154,205,764	10,037,706
Net unamortized bond premium	1,497,851		154,486	1,343,365	149,057
Total bonds payable	<u>241,374,903</u>		<u>12,245,774</u>	<u>229,129,129</u>	<u>12,781,763</u>
Claims and judgments	22,898,133	8,839,225	7,164,518	24,572,840	6,020,000
Compensated absences	17,101,155	7,106,104	6,277,206	17,930,053	6,277,206
Other obligations	1,950,531		690,531	1,260,000	210,000
OPEB obligation		6,908,123		6,908,123	
Loans payable	11,559,417	1,595,965	2,626,706	10,528,676	2,449,088
Governmental activity Long-term liabilities	<u>\$ 294,884,139</u>	<u>\$ 24,449,417</u>	<u>\$ 29,004,735</u>	<u>\$ 290,328,821</u>	<u>\$ 27,738,057</u>
<b>Business-type activities:</b>					
Revenue bonds payable	\$ 179,687,948		\$ 6,523,720	\$ 173,164,228	\$ 6,692,294
Unamortized bond discount	1,217,690		102,816	1,114,874	101,975
Total bonds payable	<u>178,470,258</u>		<u>6,420,904</u>	<u>172,049,354</u>	<u>6,590,319</u>
Loans payable	1,035,374	274,280	176,547	1,133,107	209,385
Compensated absences	1,682,972	1,238,897	1,043,797	1,878,072	1,043,797
Deposits	9,065,345	2,638,980	2,909,008	8,795,317	4,692,118
Business-type activity Long-term liabilities	<u>\$ 190,253,949</u>	<u>\$ 4,152,157</u>	<u>\$ 10,550,256</u>	<u>\$ 183,855,850</u>	<u>\$ 12,535,619</u>

The City's internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At September 30, 2009, \$1,243,913 internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the internal service and general fund respectively.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
**(Continued)**

**7. Subsequent Event**

On February 17, 2010, the City obtained four loans from the City of Gulf Breeze, Florida Local Government Loan Pool Program. The City of Miami Beach intends to use three of the loans from the City of Gulf Breeze, Florida, Series 1985J Bond proceeds to partially refund the City of Miami Beach's Water & Sewer Revenue Bonds, Series 2000, and also partial refund the City of Miami Beach's Stormwater Revenue Bonds, Series 2000. In addition, the City intends to use a loan from the City of Gulf Breeze, Florida Series 1985J Bond proceeds to pay for the cost of certain improvements to its water and sewer system. As evidence of such loans, the City's Water and Sewer Fund issued \$13,590,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1B, \$10,000,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1B, \$30,000,000 in Water and Sewer Revenue Bonds, Taxable Series 2009J-1C, and the Stormwater Fund issued \$16,185,000 in Stormwater Revenue Refunding Bonds, Taxable Series 2009J-2. The bonds will be repaid solely from pledged revenues of the Water and Sewer system and the Stormwater system, respectively. The Refunding bonds were issued to partially refund the Water and Sewer Revenue Bonds, Series 2000, and also the Stormwater Revenue Bonds, Series 2000. The fourth bond was issued to construct various improvements to the Water and Sewer utility system.

Upon the issuance of the four loans from the City of Gulf Breeze, Florida Local Government Loan Pool Program, on February, 17, 2010, the lines of credit that were obtained from the three financial institutions were reduced from \$20 million to \$12.8 million each, or a total of \$38.4 million. No amounts have yet been drawn down from any of the lines of credit. See Note 5 for further explanation of the lines of credit.

**H. Governmental Fund – Fund balance**

At September 30, 2009, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes accounting and financial reporting standards for governmental funds. It establishes criteria for classifying fund balances into specifically defined classification and clarifies definitions for governmental fund types. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City reported the following governmental fund balances:

- Nonspendable Fund Balance – These amounts cannot be spent because they are not in spendable form.
- Restricted Fund Balance - These amounts are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by the City Commission. The items cannot be removed unless the Commission remove it in the same manner it was implemented.
- Assigned Fund Balance – These amounts are approved and committed by the City commission subsequent to September 30, 2009. The balance also includes encumbrances assigned for goods and services.

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**(Continued)**

Below is a table of fund balance categories and classifications at September 30, 2009 for the City's governmental funds:

	<u>General</u>	<u>Resort Tax</u>	<u>Miami Beach Redevelopment Agency</u>	<u>Capital Projects</u>	<u>Other Governmental</u>
Fund balances:					
Non-spendable:					
Prepays	\$ 164,646	\$	\$ 4,490	\$	\$
Restricted:					
General government					760,235
Public safety	6,200,000				2,317,446
Human services					158,809
Physical environment					106,505
Economic environment			9,536,842		2,524,650
Transportation					25,293,081
Culture and recreation		9,618,244			207,296
Capital projects				161,147,311	
Debt service					7,953,645
Committed:					
Culture and recreation					2,883,385
Emergencies	39,757,940				
Encumbrances	63,314				
Capital projects				20,894,045	6,144,765
Capital reserves				20,635,254	
Assigned:					
General government	3,657,182			38,077	
Public safety					11,841
Encumbrances	841,821				
Unassigned:					
Unrealized gains	4,385,813				
Total Fund Balance	<u>\$ 55,070,716</u>	<u>\$ 9,618,244</u>	<u>\$ 9,541,332</u>	<u>\$ 202,714,687</u>	<u>\$ 48,361,658</u>

**CITY OF MIAMI BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009  
(Continued)**

**I. Other Information**

**1. Risk Management**

The City is exposed to various risks of loss from civil liability to other parties (automobile liability, general liability, police professional liability, public official liability); statutory workers' compensation benefits for injured employees; and the theft or accidental damage to City property (buildings and business contents). The City established an internal service Self-Insurance Fund (the "Fund") to account for its risk financing activities. The Fund pays for all claims and judgments made against the City for accidental losses for which the City is self-insured, and the premium costs for insurance policies to protect the City's property.

A third party insurer (exclusive of windstorm coverage) provides coverage for losses to City buildings above various deductible amounts. The City maintains no excess coverage with independent insurance carriers for the workers' compensation, general, automobile, police professional and public official liability self-insurance program. Premiums are charged to the respective City funds and determined based on amounts necessary to provide funding for current losses and to meet the required annual payments during the fiscal year. There were no settlements in excess of applicable insurance for the past three years. During fiscal year 2009 the City's paid \$1,889,560 in property insurance premium. The City's windstorm insurance coverage was decreased to \$10 million.

The Fund derives revenue from all City departments through an allocation formula and from investment income earned on cash and investments within the Fund. The Fund accrues an amount based on an external actuarial computation which includes known claims and an estimate for claims incurred but not yet reported, regardless of the ultimate date of payment or disposition.

The following are the changes in the funds' claims liability amount during fiscal year 2008 and 2009 respectively:

	2009	2008
Unpaid claims, beginning of year	\$ 22,898,133	\$ 21,644,952
Incurring claims (includes incurred but not yet reported)	8,839,225	5,730,731
Less: claim payments	7,164,518	4,477,550
Unpaid claims, end of year	\$ 24,572,840	\$ 22,898,133

**2. Significant Commitments and Contingencies**

- a. The City, in the normal course of operations, is a party to various other actions in which plaintiffs have alleged certain damages. In all cases, management does not believe the disposition of these matters will materially affect the financial position of the City.
- b. The City participates in a number of Federal and State assisted grant programs, which are subject to financial and compliance audits. Audits for these programs are to be conducted at a future date, and the City expects the amount, if any, of the expenditures which may be disallowed by the granting agency to be immaterial.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
**(Continued)**

**3. Pension Plan**

**a. Miami Beach Employees' Retirement System**

i. Summary of Significant Accounting Principles

The Plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which the employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Accounting Principles Generally Accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates. Investments in common stock, stock index funds and aggregate bond index funds are recorded at fair value as determined by quoted published prices. Short-term investments are recorded at cost which approximates value. Dividends and interest are recognized when earned. Gains and losses on sales and exchanges of investments are recognized on the trade date.

ii Plan Description

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

At October 1, 2008 membership consisted of:

	As Pro Forma 2008
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>1,098</u>
Current Employees	<u>1,158</u>

Principally all full-time classified and unclassified employees of the City, except those who joined the 401(a) Plan, must participate in the Plan. Classified employees in the Plan are segregated into three unions: American Federation of State, County, and Municipal Employees ("AFSCME"), Communications Workers of America ("CWA") (formerly Benevolent) and Government Supervisors Association of Florida ("GSAF"). Certain other employees are also segregated into a category called "Other". Unclassified employees are not represented by a bargaining unit. The Plan provides retirement benefits as well as death and disability benefits at two different tiers depending on when the employees entered the Plan. The First Tier is for members that entered the Plan prior to the Second Tier Dates. The Second Tier Dates were established when each of the unions bargained with the City to establish new guidelines for retirement benefits relating to employees associated with their Unions. The Second Tier Dates are April 30, 1993 for members of AFSCME; August 1, 1993 for those classified as "Other and GSAF" and February 21, 1994 for members of CWA. The Second Tier is for

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(Continued)**

members that entered the Plan on or after the Second Tier Dates.

Classified members administered under the First Tier are eligible for Normal Retirement at age 50 and incrementally over five years of Creditable Service and are entitled to benefits of 3% of Final Average Monthly Earnings ("FAME") multiplied by the first 15 years of Creditable Service plus 4% of FAME multiplied by years of service in excess of 15, with the total not to exceed 90% of the FAME. FAME for the First Tier members is defined as one-twelfth of the average annual earnings during the two highest paid years of Creditable Service. First Tier unclassified members accrued 4% for Creditable Service before October 18, 1992. Unclassified First Tier members accrued 3% per year of service after October 18, 1992, with the total not to exceed 80% of FAME. Classified and unclassified members administered under the Second Tier are eligible for Normal Retirement at age 55 and incrementally over five years of Creditable Service and are entitled to benefits of 3% of FAME multiplied by Creditable Service, with a maximum of 80% of FAME. FAME for the Second Tier members is defined as one-twelfth of average annual earnings during the two highest paid years of Creditable Service.

New employees to the Plan will vest over five years and the retirement age is 55. All First Tier employees who participate are required to contribute 10% of their salary to the Plan. All Second Tier employees are required to contribute 8% of their salary. Employee contributions, including buybacks, are disclosed in the financial statements. Any First Tier member who terminates employment may either request a refund of his or her own contributions plus interest or receive his or her accrued benefit beginning at age 50, if at least five years of Creditable Service are completed. Any Second Tier member who entered on or after the Second Tier Date and who terminates employment after five years of Creditable Service may either request a refund of his or her own contributions plus interest or receive his or her accrued benefit beginning at age 55.

iii. Deferred retirement option plan (DROP)

A DROP was enacted on January 28, 2009 by Ordinance 2009-3626. Under this Plan, participants who have attained eligibility for Normal Retirement may continue working with the City for up to three years while receiving a retirement benefit that is deposited into a DROP account. The amount of the benefit is calculated as if the participant had retired on the date of the DROP commencement. Upon termination with the City, the accumulated value of the DROP account is distributed to the participant. A member's creditable service, accrued benefit and compensation calculation shall be frozen. At September 30, 2009, there were 19 DROP participants.

iv. Funding Policy, Contributions Required and Contributions Made

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age actuarial cost method. The Plan also uses the level percentage of payroll method to amortize any unfunded actuarial accrued liability over a 30-year period.

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

Significant actuarial assumptions used include (a) investment return of 8.50%, net rate after investment related expenses, (b) 2000 Group Annuity Mortality Table; for those who have terminated employment before October 1, 1993, rates are based on the Plan's own experience, (c) for retirement, once a member is eligible to retire, a probability of retirement based on age is used (effective October 1, 1996), (d) projected salary increases of 6% per year compounded annually, attributable to inflation, and (e) cost of living increases of 2.5% per year compounded annually.

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For the fiscal year ended September 30, 2009, the City was required to make contributions of \$12,863,823 or 21.57% of covered payroll to the Plan in accordance with actuarially determined requirements computed through an actuarial valuation performed as of October 1, 2007. For the year ended September 30, 2009, the employees contributed \$5,917,680 and buybacks were \$902,384.

The Plan uses the following actuarial valuations at 10/01/08:

Actuarial Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	The actuarial value of assets phase in the difference between the expected actuarial value and actual market value of assets at the rate of 20% per year. The actuarial value of assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the market value of plan assets and whose upper limit is 120% of the market value of plan assets. During periods when investment performance exceeds the assumed rate, actuarial value of assets will tend to be less than market value. During the periods when investment performance is less than the assumed rate, actuarial value of assets will tend to be greater than market value.
Amortization Method	Level dollar, closed
Actuarial Assumptions:	
Investment rate of return	8.50%
Projected salary increases	6%
Inflation	4%
Cost of living adjustment (COLA)	2.5%

v. Trend Information

Trend information indicates the progress made in accumulating sufficient assets to pay benefits when due. An analysis of funding progress for the fiscal year ended September 30, 2009, for the Miami Beach Employee' Retirement System is as follows:

Schedule of Employer Contributions

Year Ended September 30,	Annual Required Contribution	Annual Pension Cost	Percentage of Annual Pension Cost Contributed
2007	\$ 12,234,519 *	\$ 12,234,519	100%
2008	13,911,545	13,911,545	100%
2009	12,863,823	12,863,823	100%

\*February 28, 2006 actuarial impact statement

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**(Continued)**

vi. Funding Status and Funding Progress

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. An analysis of funding progress is as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/2008	\$ 425,715,000	\$ 526,482,000	\$ 100,767,000	80.9%	\$ 68,010,000	148.2%

**b. Retirement System for Firefighters and Police Officers**

i. Summary of Significant Accounting Principles

The Plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which the employee services are performed. Accounting Principles Generally Accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates. The fair value of quoted investments securities is based on the closing sale price as of September 30, 2009, as reported by recognized securities exchanges. Short term obligations are stated at cost which approximates market value. Gains and losses on the sale of investments are based on the first-in, first-out identification method. Dividends and interest are recognized when earned.

ii. Plan Description

The City's Pension Fund for Firefighters and Police (the "Plan") was formally known as City Pension Fund for Fireman and Policeman – City of Miami Beach and City Supplemental Pension Fund for Firefighters and Police Officers – City of Miami Beach. The former plans were merged and the name was changed to City Pension Fund for Firefighters and Police Officers in the City of Miami Beach. The Plan is defined benefit pension plans covering substantially all police officers and firefighters of the City, as established by Chapter 23414, Laws of Florida, Special Acts of 1945 as amended through November 4, 2003.

Any member may retire on a service retirement pension upon the attainment of age 50 or, if earlier, the date when age and length of creditable service equals to at least 70.

Upon, retirement, a member will receive a monthly pension, payable for life, equal to 3% of the average monthly salary for each of the first 15 years of creditable service and 4% of the average monthly salary for each year of creditable service in excess of 15 years, provided that the pension does not exceed 90% of the average monthly salary. The average monthly salary of the member is computed based on the salary for the two highest paid years prior to the date of retirement or the average of the last 2 paid years of the member prior to the date of retirement.

Effective November 4, 2003, a member who retires, enters the deferred retirement option plan, or separate from the City employment, and is entitled to service or disability benefits, may elect in lieu of such benefit, a joint and contingent survivor option, at any time prior to retirement. Under the joint and contingent survivor option, the member shall receive an actuarially adjustment retirement benefit during the member's lifetime, and have monthly benefit (or designated percentage of 25%, 50%,

**CITY OF MIAMI BEACH, FLORIDA**  
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66.67% or 75% thereof) continued after the member's death to and for the lifetime of the member's designated joint pensioner. The election of the joint and contingent survivor option shall be null and void if the designated joint pensioner dies before the member's retirement. The value of the joint and contingent survivor option shall be actuarially equivalent to the value otherwise payable.

In the alternative and in lieu of the normal form of benefit, the member may, at any time prior to retirement, elect to receive a lifetime retirement benefit with 120 monthly payments guaranteed. If the member should die before 120 monthly payments are made, benefits will continue to be paid to the member's designated beneficiary for the balance of the 120 month period. If the retired member is living after 120 monthly payments are made, the payment shall be continued for the member's remaining lifetime.

iii. Deferred retirement option plan

An active employee member may enter into the Deferred Retirement Option Plan (the DROP) on the first day of any month after attainment of age 50 or rule of 70 retirement and becoming eligible to receive a service retirement pension. Upon becoming eligible to participate in the DROP, an employee may elect to enter that program for a period not to exceed 36 months.

DROP participants have self-directed accounts, and the rate of return earned will therefore depend on the return of the particular accounts selected by the individuals. Once a member enters the DROP, their monthly retirement benefit is fixed, and their monthly benefit is paid into their DROP account. Upon termination of employment, the balance in the member's DROP account, including earnings, is payable to them and they also begin to receive their previously fixed monthly retirement benefit. The DROP is administrated by the Plan's Board of Trustees.

At September 30, 2009, \$6,427,215 the total amount of the Deferred Retirement Option Plan payable represents the balance of the self-directed participants as all of the participants are now in the self-directed DROP.

At October 1, 2008 the plan membership consisted of the following:

	As of October 1, 2008
Active Members	487
Deferred Vested Members	14
Retired Members:	
a. Service	441*
b. Disabled	62
c. Beneficiaries	98
	601
Total	1,102

\* Including members in the DROP

iv. Funding Policy, Contributions Required and Contributions Made.

The City (the "Employer") is required to contribute an actuarially determined amount that, when combined with members' contributions, will fully provide for all benefits as they become payable. Members of the Plan contribute 10% of their salary.

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The actual contribution from the City of Miami Beach, and the State of Florida for active employees for the fiscal year ended September 30, 2009, was \$20,159,995 and covered payroll was approximately \$50,393,000. The contribution required from the City and the State of Florida for the fiscal year ended September 30, 2009, was actuarially determined by the October 1, 2007 valuation to be \$20,159,995. The actuarially computed annual covered payroll used in the October 1, 2007 valuation was \$38,705,407. The annual pension cost was \$20,159,995 for the fiscal year ended September 30, 2009.

Significant actuarial assumptions used include: (a) investment return of 8.4%; (b) projected salary increases of 4.36%-9.67% including 3.5% for inflation; and (c) post retirement benefit has a cost of living increases of 2.5% per year compounded annually.

The Plan uses the following actuarial valuations at 10/01/08:

Actuarial Cost Method	Entry age Normal
Amortization Method	Level percentage, closed
Remaining amortization period	23 – 30 years
Asset Valuation Method	Market Related Value
Actuarial Assumptions:	
Investment rate of return*	8.40%
Projected salary increases	4.36% - 9.67%
Cost of living adjustment	2.50%

v. Trend Information

Trend information indicates the progress made in accumulating sufficient assets to pay benefits when due. An analysis of funding progress for the fiscal year ended September 30, 2009, for the Retirement System for Fire Fighters and Police Officers is as follows:

Schedule of Employer Contributions			
Year Ended September 30,	Annual Required Contribution	Annual Pension Cost	Percentage of Annual Pension Cost Contributed
2007	\$ 15,231,417	\$ 15,231,417	100%
2008	17,618,045	17,618,045	100%
2009	20,159,995	20,159,995	100%

vi. Funding Status and Funding Progress

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. An analysis of funding progress is as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/2008	\$ 507,363,813	\$ 683,731,944	\$ 176,368,131	74.2%	\$ 40,661,885	433.7%

**CITY OF MIAMI BEACH, FLORIDA  
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**c. Firemen’s and Police Relief and Pension Funds**

The City’s firefighters and police officers are members of two separate non-contributory money purchase benefit plans established under the provisions of Florida Statutes, Chapters 175 and 185, respectively. These plans are funded solely from proceeds of certain excise taxes levied by the City and imposed upon property and casualty insurance coverage within City limits. This tax, which is collected from insurers by the State of Florida, is remitted to the Plans’ Boards of Trustees. The City is under no obligation to make any further contributions to the plans. The excise taxes received from the State of Florida and remitted to the plans for the year ended September 30, 2009 was \$968,650 for firefighters and \$600,760 for police officers. These payments were recorded on the City’s books as revenues and expenditures during the fiscal year.

Plan benefits are allocated to participants based upon their service during the year and the level of funding received during the year. Participants are fully vested after 10 years of service with no benefits vested prior to 10 years of service, except those prior to June 1983. All benefits are paid in a lump sum format, except for the Police Relief Funds, where participants may also elect not to withdraw or to partially withdraw, his or her retirement funds.

**d. Defined Contribution Retirement Plan-401(A)**

Effective October 18, 1992 City’s Ordinance No. 92-2813 provided for the creation of a Defined Contribution Retirement Plan (the “Plan”) under section 401(A) of the internal revenue code of 1986. The Plan provides retirement and other related benefits for eligible employees as an option over the other retirement systems sponsored by the City.

Any person employed on or after October 18, 1992, in the unclassified service of the City, has the right to select the Plan as an optional retirement plan to the Unclassified Employees and Elected Officials Retirement System. At the time of the Ordinance, employees of the City who were members of the Unclassified Employee and Elected Official Retirement System (the “System”) had the irrevocable right to elect to transfer membership from the System to the Plan for a limited period of time. Effective March 19, 2006 the Plan is no longer offered to new employees of the City. Employees participating in the Plan prior to March 19, 2006 were given the option to transfer membership to the System.

The Plan is administrated by a Board of Trustees, which has the general responsibility for the proper operation and management of the Plan. The Plan complies with the provisions of section 401(A) of the Internal Revenue Code of 1986 and may be amended by the City Commission of the City. The City has no fiduciary responsibility for the Plan, consequently, amounts accrued for benefits are not recorded in the fiduciary fund.

Employees in the Plan hired prior to February 21, 1994 are required to contribute 10% of their salary while those hired subsequent to February 21, 1994 are required to contribute 8% of their salary. The City matches with an 8% contribution. The Plan of each employee is the immediate property of the employee and investment of these funds is directed by the employee amongst choices of investment vehicles offered by Nationwide Retirement Solutions (formerly Public Employee Benefits Services Corporation – PEBSO).

Plan information as of and for the fiscal year ended September 30, 2009 is as follows:

Members in the Plan		49
City’s contribution	\$ 275,404	
Percentage of covered payroll		9.57%
Employees’ contribution	224,806	
Percentage of covered payroll		7.81%

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
**(Continued)**

**e. Postemployment Benefits Other than Pension Benefits (OPEB)**

i. Plan description

Pursuant to Section 112.08, Florida Statutes, the City is required to permit eligible retirees and their eligible dependents to participate in the City's health insurance program at a cost to the retirees that is no greater than the cost at which coverage is available for active employees. The City's single employer OPEB Plan (the Plan) currently provides the following Post Employment Benefits:

1. Health and Dental Insurance - Employees hired prior to March 18, 2006 are eligible to receive a 50% health insurance contribution of the total premium cost. At age 65, if the retiree is eligible for Medicare Part B, the City contributes 50% of the Medicare Part B payment. Employees hired after March 18, 2006, after vesting in City's retirement plans, are eligible to receive an amount per year of credible service, up to a maximum of \$250 per month until age 65 and \$5 per year of credible service up to a maximum of \$125, thereafter.
2. Life Insurance (\$1,000)

At September 30, 2008 the City established an OPEB Trust (the Trust) and began funding its OPEB obligation. Stand alone financial statements for the Trust are not prepared.

At October 1, 2008 the date of the latest actuarial valuation, plan participation consisted of

OPEB plan participants	2,038
Retirees receiving benefits	1,256

ii. Funding policy

The City has the authority to establish and amend funding policy. For the year ended September 30, 2009, the City paid \$7.6 million in OPEB benefits on a pay-as-go basis and \$1.5 million to the Trust. The City's net OPEB obligation at September 30, 2009 was \$6.9 million. It is the City's intent to base future Trust contributions on the annual required contribution (ARC) in subsequent annual actuarial reports, however, no Trust contributions are legally or contractually required.

iii. Annual OPEB Cost and Net OPEB Obligation

The annual cost (expense) of the City's Plan is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed, and the change in the net OPEB obligation.

Annual required contribution	\$ 16,008,000
Interest on net OPEB obligation	
Adjustment to annual required contribution	
Annual OPEB cost (expense)	<u>16,008,000</u>
Contributions made	<u>9,099,877</u>
Net OPEB obligation	6,908,123
Net OPEB obligation - beginning of year	
Net OPEB obligation - end of year	<u>\$ 6,908,123</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
**(Continued)**

v. Funding status and funding progress

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. An analysis of funding progress is as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Active Participants Covered Payroll	UAAL as % of Active Participants Covered Payroll
10/01/2008	\$ 8,640,417	\$ 177,586,000	\$ 168,945,583	4.9%	\$ 116,841,210	69.2%

vi. Actuarial methods and assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of the Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Premiums detailed in Plan provisions are sufficient for the under 65 population and 65+ population. However, since the premiums for retirees under age 65 are determined for a combined active/ retiree population, there is an implicit subsidy associated with retirees under age 65. The implicit rate subsidy was accounted for by adjusting the fully insured premiums to reflect the expected cost difference due to a retiree's age from the average age assumed in the development of the blended premium. There is no implicit subsidy for retirees over age 65, since premiums are developed specifically for this group of retirees.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**  
**(Continued)**

The actuarial methods are:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of projected payroll
Amortization period - closed	30 years
Asset valuation method	Not applicable for first valuation date

The actuarial assumptions are:

Investment discount rate (long term expectation of investment return on assets)	8.5%
Projected annual salaries increases	3.5%
Healthcare cost trend rate	

	<u>Select</u>	%	<u>Ultimate</u>	%
Medical	10	%	5	%
Medicare Part B	6		5	
Dental	5		5	

OPEB Trust Fund financial statements for the fiscal year ended September 30, 2009 are as follows:

<u>Statement of Fiduciary Net Assets September 30, 2009</u>		<u>Statement of Change in Fiduciary Net Assets September 30, 2009</u>	
Cash	\$ <u>8,640,417</u>	Additions	
Total Assets	<u>8,640,417</u>	Employer contribution	\$ 1,528,877
		Interest and dividends income	<u>210,540</u>
Liabilities	<u>                    </u>	Net increase	1,739,417
Total liabilities	<u>                    </u>	Assets held in Trust	
Net Assets	\$ <u>8,640,417</u>	Beginning of year	<u>6,901,000</u>
		End of Year	\$ <u>8,640,417</u>

**f. Financial Statements**

Each of the Retirement Systems are audited separately. Complete financial statements can be obtained at the following offices:

City of Miami Beach  
Employee Retirement System  
1700 Convention Center Drive  
Miami Beach, Florida 33139

City of Miami Beach  
Retirement System for Firefighters and Police Officers  
1691 Michigan Ave. Suite 555  
Miami Beach, Florida 33139

Miami Beach Policemen's Relief  
and Pension Fund  
999 11<sup>th</sup> Street  
Miami Beach, Florida 33139

Miami Beach Firemen's Relief and Pension Fund  
City of Miami Beach  
1700 Convention Center Drive  
Miami Beach, Florida 33139

**REQUIRED SUPPLEMENTARY  
INFORMATION (RSI)**

**CITY OF MIAMI BEACH, FLORIDA  
SCHEDULE OF FUNDING PROGRESS  
RETIREMENT SYSTEMS (in thousands)  
(Unaudited)**

**Miami Beach Employees' Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/c
10/1/06	\$ 358,459	\$ 448,933	\$ 90,585	79.8 %	\$ 57,391	157.6 %
10/1/07	412,824	478,067	65,243	86.4	59,632	109.4
10/1/08	425,715	526,482	100,767	80.9	68,010	148.2

**City Pension for Firefighters and Police Officers**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/c
10/1/06	\$ 470,603	\$ 582,016	\$ 114,413	80.9 %	\$ 35,355	315.1 %
10/1/07	495,994	632,993	136,999	78.4	38,705	354.0
10/1/08	507,364	683,732	176,368	74.2	40,662	433.7

**Postemployment Benefits Other Than Pension (OPEB)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/c
10/1/07	\$	\$ 155,956	\$ 155,956	0.0 %	\$ 111,008	71.2 %
10/1/08	8,640	177,586	168,946	4.9	116,841	69.2

**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended September 30, 2009**  
**(Unaudited)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property	\$ 126,037,185	\$ 123,116,639	\$ 123,116,639	\$
Sales, use and fuel taxes	1,592,700	1,481,012	1,481,012	
Utility	9,223,300	9,225,872	9,225,872	
Local business	3,881,000	3,684,320	3,684,320	
Communication Service	5,653,250	7,196,265	7,196,265	
Franchise fees	9,125,200	9,265,529	9,265,529	
Permits	10,835,542	15,761,752	15,761,752	
Intergovernmental	8,867,801	8,515,406	8,515,406	
Charges for services	10,501,750	8,941,933	8,941,933	
Rents and leases	4,465,102	4,834,717	4,834,717	
Interest income	6,310,000	5,631,258	7,948,540	2,317,282
Fines and forfeits	1,917,000	1,777,381	1,777,381	
Administrative fees	8,397,936	8,407,571	8,407,571	
Other	6,133,719	5,834,692	5,834,692	
Total revenues	<u>212,941,485</u>	<u>213,674,347</u>	<u>215,991,629</u>	<u>2,317,282</u>
<b>Expenditures</b>				
General government:				
Mayor and Commission	1,456,450	1,366,359	1,366,378	(19)
City Manager	2,325,067	2,253,845	2,253,845	
City Clerk	1,542,545	1,455,103	1,455,677	(574)
Budget and Performance Management	1,968,984	1,754,855	1,754,855	
Finance	4,180,078	4,056,336	4,056,336	
Human Resources	1,862,329	1,648,990	1,648,990	
Procurement	917,678	890,007	890,007	
City Attorney	4,233,360	5,254,026	5,254,092	(66)
Planning	3,100,561	3,027,640	2,907,640	120,000
Media Relations	1,084,579	886,885	886,885	
Public Works	2,697,103	2,654,132	2,495,421	158,711
Capital Improvement	3,566,109	3,199,210	3,201,583	(2,373)
Special Projects	911,158	1,382,803	1,198,692	184,111
Unclassified	6,556,248	4,869,217	5,014,379	(145,162)
Total general government	<u>36,402,249</u>	<u>34,699,408</u>	<u>34,384,780</u>	<u>314,628</u>
Public safety:				
Ocean Rescue	8,287,503	8,375,631	8,375,731	(100)
Building Services	8,954,924	9,306,946	9,262,951	43,995
Code Compliance	4,223,223	4,155,030	4,155,030	
Fire	39,677,269	38,801,337	38,760,908	40,429
Police	78,168,398	77,917,339	77,836,103	81,236
Emergency 911	548,000	585,969	670,374	(84,405)
Unclassified	150,000	150,000	14,762	135,238
Total public safety	<u>140,009,317</u>	<u>139,292,252</u>	<u>139,075,859</u>	<u>216,393</u>
Physical Environment	1,456,004	1,456,004	2,156,520	(700,516)
Transportation	4,193,994	4,191,557	4,237,856	(46,299)
Economic Environment	1,603,641	1,495,814	1,495,814	
Human Services	529,923	548,630	548,630	
Culture and recreation	32,940,351	30,294,710	29,952,410	342,300
Capital Outlay	883,683	1,624,104	788,842	835,262
Debt service:				
Principal retirement	1,215,222	1,215,222	987,232	227,990
Interest and fiscal charges	804,100	604,100	736,594	(132,494)
Total expenditures	<u>220,038,484</u>	<u>215,421,801</u>	<u>214,364,537</u>	<u>1,057,264</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,096,999)</u>	<u>(1,747,454)</u>	<u>1,627,092</u>	<u>3,374,546</u>
<b>Other financing sources (uses)</b>				
Transfers in	22,415,440	22,433,077	22,433,077	
Transfers out	(15,328,441)	(15,328,441)	(15,480,568)	(152,127)
Sale of capital assets	10,000			
Total other financing sources	<u>7,096,999</u>	<u>7,104,636</u>	<u>6,952,509</u>	<u>(152,127)</u>
Net change in fund balances		5,357,182	8,579,601	3,222,419
Fund balances - beginning of year	46,491,115	46,491,115	46,491,115	
Fund balances - end of year	<u>\$ 46,491,115</u>	<u>\$ 51,848,297</u>	<u>\$ 55,070,716</u>	<u>\$ 3,222,419</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**BUDGETED MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended September 30, 2009**  
**(Unaudited)**

	Resort Tax Revenue Fund				Miami Beach Redevelopment Agency		
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)	Original and Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
<b>Revenues</b>							
Resort taxes	\$ 38,828,000	\$ 38,828,000	\$ 37,412,291	\$ (1,415,709)	\$	\$	\$
Tax increment					33,816,546	33,446,103	(370,443)
Rents and leases						74,801	74,801
Interest income	165,000	165,000	213,163	48,163	1,294,773	120,401	(1,174,372)
Other	410,200	410,200	759,591	349,391		25,282	25,282
<b>Total revenues</b>	<u>39,403,200</u>	<u>39,403,200</u>	<u>38,385,045</u>	<u>(1,018,155)</u>	<u>35,111,319</u>	<u>33,666,587</u>	<u>(1,444,732)</u>
<b>Expenditures</b>							
General government	1,028,184	1,028,184	1,026,935	1,249	5,334,805	5,941,728	(606,923)
Public safety					3,262,158	2,692,527	569,631
Economic environment			12,000	(12,000)			
Culture and recreation	7,954,760	7,954,760	7,204,852	749,908			
Capital Outlay					872	2,287	(1,415)
<b>Total expenditures</b>	<u>8,982,944</u>	<u>8,982,944</u>	<u>8,243,787</u>	<u>739,157</u>	<u>8,597,835</u>	<u>8,636,542</u>	<u>(38,707)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,420,256</u>	<u>30,420,256</u>	<u>30,141,258</u>	<u>(278,998)</u>	<u>26,513,484</u>	<u>25,030,045</u>	<u>(1,483,439)</u>
<b>Other financing sources (uses)</b>							
Transfers in					3,505,500	3,908,668	403,168
Transfers out	(30,333,703)	(30,919,539)	(30,634,764)	284,775	(30,405,906)	(30,407,652)	(1,746)
Sale of capital assets						1,873	1,873
<b>Total other financing sources (uses)</b>	<u>(30,333,703)</u>	<u>(30,919,539)</u>	<u>(30,634,764)</u>	<u>284,775</u>	<u>(26,900,406)</u>	<u>(26,497,111)</u>	<u>403,295</u>
<b>Net change in fund balances</b>	<u>86,553</u>	<u>(499,283)</u>	<u>(493,506)</u>	<u>5,777</u>	<u>(386,922)</u>	<u>(1,467,066)</u>	<u>(1,080,144)</u>
Fund balances - beginning of year	10,111,750	10,111,750	10,111,750		11,008,398	11,008,398	
Fund balances - end of year	<u>\$ 10,198,303</u>	<u>\$ 9,612,467</u>	<u>\$ 9,618,244</u>	<u>\$ 5,777</u>	<u>\$ 10,621,476</u>	<u>\$ 9,541,332</u>	<u>\$ (1,080,144)</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2009**  
**(Unaudited)**

**1. Budgetary Policy**

**A. Budgetary Data**

The City is required to prepare, approve, adopt and execute an annual budget for such funds as may be required by law or by sound financial practices and generally accepted accounting principles.

The City's governmental funds have legally adopted annual budgets for the General Fund, Resort Tax Fund, Miami Beach Redevelopment Agency Fund, General Obligation Debt Service Fund and Miami Beach Redevelopment Agency Special Obligation Debt Service Fund.

Budget to actual comparisons for the General Fund, Resort Tax Fund and Miami Beach Redevelopment Agency Fund are presented in the Required Supplementary Information section of this report. Budget to actual comparisons for the General Obligation Debt Service Fund and Miami Beach Redevelopment Agency Special Obligation Debt Service Fund are presented in the Supplementary Information section of this report.

At least 65 days prior to the beginning of the fiscal year, the City Commission is presented with a proposed budget. The proposed budget includes anticipated expenditures and the means of financing them. After Commission review and public hearings, the budget is adopted prior to October 1<sup>st</sup>. The budgets are approved by fund and department, and controlled at the department level. Management may transfer amounts between line items within a department as long as the transfer does not result in an increase in the department's budget. Increases to funds or department budgets and transfers between departments require City Commission approval.

There was one (1) supplemental budgetary appropriations during fiscal year ended September 30, 2009.

Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the City. Budgets are adopted on the modified accrual basis of accounting. All appropriations lapse at year end.

Encumbrance accounting, under which purchase order commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances, since they do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

# **SUPPLEMENTARY INFORMATION**

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**Community Development Block Grant Fund:** This fund accounts for the receipt and expenditure of funds under this Federal Program.

**State Housing Initiatives Partnership Fund:** This fund accounts for the receipt and expenditure of funds under this State Program.

**Parking Impact Fees Fund:** This fund accounts for impact fee revenue paid, primarily by owners of new and existing construction, in lieu of their ability to provide adequate parking spaces as defined by City Ordinance. The fund is also responsible for the disbursement of funds for various parking related projects in the impacted areas.

**Transportation Concurrency Management Fund:** This fund oversees, maintains, directs the City's concurrency management system, the land use/transportation planning and traffic management efforts and projects.

**Police Confiscation and Training Fund:** This fund accounts for revenues received that are restricted to police related expenditures with multiple restrictions.

**Other Special Revenue Fund:** This fund accounts for the revenues and expenditures of a series of small grants.

### Debt Service Funds

Debt Service Funds account for the payment of interest and principal of the current portion on long-term debt, primarily from tax proceeds and earnings on temporary investments.

**General Obligation Fund:** This fund accounts for principal and interest payments made for general obligations.

**Excise Tax Fund:** This fund accounts for Resort Tax Special Obligation payments made for principal and interest.

**Gulf Breeze Special Obligation Fund:** This fund accounts for principal and interest payments made for the Gulf Breeze VRDS.

**Miami Beach Redevelopment Agency Fund:** This fund accounts for principal and interest payments made for the Tax Increment Revenue Special Obligation Bonds.

**Sunshine State Special Obligation Fund:** This fund accounts for principal and interest payments made for the Sunshine State VRDS.

**Pension Special Obligation Fund:** This fund accounts for principal and interest payments made for the Pension Special Obligation Bonds.

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINED BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2009**

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 42,575,945	\$ 7,806,876	\$ 50,382,821
Receivables, net	534,041	519,877	1,053,918
Accrued interest		310	310
Due from other governments	869,124		869,124
	<u>43,979,110</u>	<u>8,327,063</u>	<u>52,306,173</u>
Total assets	<u>\$ 43,979,110</u>	<u>\$ 8,327,063</u>	<u>\$ 52,306,173</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,236,092	\$	\$ 1,236,092
Retainage payable	708,266		708,266
Accrued expenditures	201,619	6,187	207,806
Unearned/deferred revenues	1,182,674	367,231	1,549,905
Due to other funds	242,446		242,446
	<u>3,571,097</u>	<u>373,418</u>	<u>3,944,515</u>
Total liabilities	<u>3,571,097</u>	<u>373,418</u>	<u>3,944,515</u>
<b>FUND BALANCES</b>			
Restricted	31,368,022	7,953,645	39,321,667
Committed	9,028,150		9,028,150
Assigned	11,841		11,841
	<u>40,408,013</u>	<u>7,953,645</u>	<u>48,361,658</u>
Total fund balances	<u>40,408,013</u>	<u>7,953,645</u>	<u>48,361,658</u>
Total liabilities and fund balances	<u>\$ 43,979,110</u>	<u>\$ 8,327,063</u>	<u>\$ 52,306,173</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended September 30, 2009**

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Property taxes	\$	\$ 5,928,447	\$ 5,928,447
Sales , Use and Fuel Taxes	2,750,242		2,750,242
Other taxes	1,569,410		1,569,410
Federal grants	3,499,891		3,499,891
State grants	92,631		92,631
Grants from other local units	854,558		854,558
Charges for services	3,351,031		3,351,031
Fines and forfeitures	850,029		850,029
Impact Fees	1,448,689		1,448,689
Interest income	630,481	33,285	663,766
Miscellaneous	281,148		281,148
	<u>15,328,110</u>	<u>5,961,732</u>	<u>21,289,842</u>
<b>EXPENDITURES</b>			
Current:			
General government	156,072		156,072
Public safety	5,774,806		5,774,806
Transportation	1,265,439		1,265,439
Economic environment	2,980,017		2,980,017
Human services	1,024,903		1,024,903
Culture and recreation	1,490,546		1,490,546
Capital Outlay	11,914,781		11,914,781
Debt Service:			
Principal	210,000	11,426,288	11,636,288
Interest	24,930	10,950,296	10,975,226
Other		22,699	22,699
	<u>24,841,494</u>	<u>22,399,283</u>	<u>47,240,777</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,513,384)</u>	<u>(16,437,551)</u>	<u>(25,950,935)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	3,548		3,548
Transfers in	3,356,696	18,311,757	21,668,453
Transfers out	(278,255)	(1,711,396)	(1,989,651)
	<u>3,081,989</u>	<u>16,600,361</u>	<u>19,682,350</u>
Net change in fund balances	(6,431,395)	162,810	(6,268,585)
Fund balances - beginning of year	<u>46,839,408</u>	<u>7,790,835</u>	<u>54,630,243</u>
Fund balances - end of year	<u>\$ 40,408,013</u>	<u>\$ 7,953,645</u>	<u>\$ 48,361,658</u>

**CITY OF MIAMI BEACH, FLORIDA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS**

**September 30, 2009**

	Community Development Block Grant Fund	State Housing Initiatives Partnership Fund	Parking Impact Fees Fund	Transportation Concurrency Management Fund	Police Confiscation and Training Fund	Other Special Revenue Fund	Total
<b>ASSETS</b>							
Cash and investments	\$ 9,810	\$ 1,752,712	\$ 10,324,471	\$ 8,950,057	\$ 2,401,184	\$ 19,137,711	\$ 42,575,945
Receivables, net					3,252	530,789	534,041
Due from other governments	231,293					637,831	869,124
<b>Total assets</b>	<b>\$ 241,103</b>	<b>\$ 1,752,712</b>	<b>\$ 10,324,471</b>	<b>\$ 8,950,057</b>	<b>\$ 2,404,436</b>	<b>\$ 20,306,331</b>	<b>\$ 43,979,110</b>
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Accounts payable	\$ 108,559	\$ 86,043	\$ 40,747	\$ 28,670	\$ 70,685	\$ 901,388	\$ 1,236,092
Retainage payable			646,829			61,437	708,266
Accrued expenditures	13,694	1,449				186,476	201,619
Unearned/ Deferred revenue		1,130,000				52,674	1,182,674
Due to other funds	118,850					123,596	242,446
<b>Total liabilities</b>	<b>241,103</b>	<b>1,217,492</b>	<b>687,576</b>	<b>28,670</b>	<b>70,685</b>	<b>1,325,571</b>	<b>3,571,097</b>
Fund balances:							
Restricted		535,220	9,636,895	8,921,387	2,333,751	9,940,769	31,368,022
Committed						9,028,150	9,028,150
Assigned						11,841	11,841
<b>Total fund balances</b>		<b>535,220</b>	<b>9,636,895</b>	<b>8,921,387</b>	<b>2,333,751</b>	<b>18,980,760</b>	<b>40,408,013</b>
<b>Total liabilities and fund balances</b>	<b>\$ 241,103</b>	<b>\$ 1,752,712</b>	<b>\$ 10,324,471</b>	<b>\$ 8,950,057</b>	<b>\$ 2,404,436</b>	<b>\$ 20,306,331</b>	<b>\$ 43,979,110</b>

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS**

For the Fiscal Year Ended September 30, 2009

	Community Development Block Grant Fund	State Housing Initiatives Partnership Fund	Parking Impact Fees Fund	Transportation Concurrency Management Fund	Police Confiscation and Training Fund	Other Special Revenue Fund	Total
<b>Revenues:</b>							
Sales, Use and Fuel Taxes	\$	\$	\$	\$	\$	2,750,242	\$ 2,750,242
Other taxes						1,569,410	1,569,410
Federal grants	1,761,608					1,738,283	3,499,891
State grants						92,631	92,631
Grants from other local units						854,558	854,558
Charges for services						3,351,031	3,351,031
Fines and forfeitures					850,029		850,029
Impact Fees			378,870	1,069,819			1,448,689
Interest income		49,311	429,524		60,911	90,735	630,481
Miscellaneous	75				3,212	277,861	281,148
<b>Total revenues</b>	<b>1,761,683</b>	<b>49,311</b>	<b>808,394</b>	<b>1,069,819</b>	<b>914,152</b>	<b>10,724,751</b>	<b>15,328,110</b>
<b>Expenditures:</b>							
Current:							
General government						156,072	156,072
Public safety					316,839	5,457,967	5,774,806
Transportation				470,715		794,724	1,265,439
Economic environment	1,534,174	547,259				898,584	2,980,017
Human services						1,024,903	1,024,903
Culture and recreation						1,490,546	1,490,546
Capital Outlay			9,643,488	3,800	110,395	2,157,098	11,914,781
Debt Service:							
Principal	210,000						210,000
Interest						24,930	24,930
<b>Total expenditures</b>	<b>1,744,174</b>	<b>547,259</b>	<b>9,643,488</b>	<b>474,515</b>	<b>427,234</b>	<b>12,004,824</b>	<b>24,841,494</b>
Excess (deficiency) of revenues over (under) expenditures	17,509	(497,948)	(8,835,094)	595,304	486,918	(1,280,073)	(9,513,384)
<b>OTHER FINANCING SOURCES (USES)</b>							
Sale of capital assets						3,548	3,548
Transfers in	14,024					3,342,672	3,356,696
Transfers out	(31,533)					(246,722)	(278,255)
<b>Total other financing sources (uses)</b>	<b>(17,509)</b>					<b>3,099,498</b>	<b>3,081,989</b>
Net change in fund balances	0	(497,948)	(8,835,094)	595,304	486,918	1,819,425	(6,431,395)
Fund balances - beginning of year		1,033,168	18,471,989	8,326,083	1,846,833	17,161,335	46,839,408
Fund balances - end of year	\$ 0	\$ 535,220	\$ 9,636,895	\$ 8,921,387	\$ 2,333,751	\$ 18,980,760	\$ 40,408,013

**CITY OF MIAMI BEACH, FLORIDA  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET**

**September 30, 2009**

	General Obligation Debt Service Fund	Excise Tax Debt Service Fund	Gulf Breeze Special Obligation Debt Service Fund	Miami Beach Redevelopment Agency Debt Service Fund	Sunshine State Special Obligation Debt Service Fund	Pension Special Obligation Debt Service Fund	Total
<b><u>Assets</u></b>							
Cash and investments	\$ 724,574	\$ 4,755	\$ 487,839	\$ 6,459,942	\$ 129,234	\$ 532	\$ 7,806,876
Receivables, net	519,877						519,877
Accrued interest	283			27			310
<b>Total assets</b>	<b><u>\$ 1,244,734</u></b>	<b><u>\$ 4,755</u></b>	<b><u>\$ 487,839</u></b>	<b><u>\$ 6,459,969</u></b>	<b><u>\$ 129,234</u></b>	<b><u>\$ 532</u></b>	<b><u>\$ 8,327,063</u></b>
<b><u>Liabilities and fund balances</u></b>							
Liabilities:							
Accrued expenditures	\$	\$ 3,500	\$	\$	\$ 2,687	\$	\$ 6,187
Deferred revenue	367,231						367,231
<b>Total liabilities</b>	<b><u>367,231</u></b>	<b><u>3,500</u></b>			<b><u>2,687</u></b>		<b><u>373,418</u></b>
Fund balances:							
Restricted	877,503	1,255	487,839	6,459,969	126,547	532	7,953,645
<b>Total fund balances</b>	<b><u>877,503</u></b>	<b><u>1,255</u></b>	<b><u>487,839</u></b>	<b><u>6,459,969</u></b>	<b><u>126,547</u></b>	<b><u>532</u></b>	<b><u>7,953,645</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 1,244,734</u></b>	<b><u>\$ 4,755</u></b>	<b><u>\$ 487,839</u></b>	<b><u>\$ 6,459,969</u></b>	<b><u>\$ 129,234</u></b>	<b><u>\$ 532</u></b>	<b><u>\$ 8,327,063</u></b>

**CITY OF MIAMI BEACH, FLORIDA  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

**For the Fiscal Year Ended September 30, 2009**

	General Obligation Debt Service Fund	Excise Tax Debt Service Fund	Gulf Breeze Special Obligation Debt Service Fund	Miami Beach Redevelopment Agency Debt Service Fund	Sunshine State Special Obligation Debt Service Fund	Pension Special Obligation Debt Service Fund	Total
<b>Revenues</b>							
Property taxes	\$ 5,928,447	\$	\$	\$	\$	\$	\$ 5,928,447
Interest income	4,657		20	28,605		3	33,285
Total revenues	<u>5,933,104</u>		<u>20</u>	<u>28,605</u>		<u>3</u>	<u>5,961,732</u>
<b>Expenditures</b>							
Debt Service:							
Principal	2,505,000		1,646,288	4,045,000	525,000	2,705,000	11,426,288
Interest	3,520,367		688,325	4,329,697	125,461	2,286,446	10,950,296
Other	<u>9,829</u>	<u>1,110</u>	<u>10,952</u>			<u>808</u>	<u>22,699</u>
Total expenditures	<u>6,035,196</u>	<u>1,110</u>	<u>2,345,565</u>	<u>8,374,697</u>	<u>650,461</u>	<u>4,992,254</u>	<u>22,399,283</u>
Excess of expenditures over revenues	<u>(102,092)</u>	<u>(1,110)</u>	<u>(2,345,545)</u>	<u>(8,346,092)</u>	<u>(650,461)</u>	<u>(4,992,251)</u>	<u>(16,437,551)</u>
Other financing sources (uses):							
Transfers in			2,583,963	10,087,839	655,533	4,984,422	18,311,757
Transfers out				<u>(1,711,396)</u>			<u>(1,711,396)</u>
Total other financing sources			<u>2,583,963</u>	<u>8,376,443</u>	<u>655,533</u>	<u>4,984,422</u>	<u>16,600,361</u>
Net change in fund balances	(102,092)	(1,110)	238,418	30,351	5,072	(7,829)	162,810
Fund balances at beginning of year	<u>979,595</u>	<u>2,365</u>	<u>249,421</u>	<u>6,429,618</u>	<u>121,475</u>	<u>8,361</u>	<u>7,790,835</u>
Fund balances at end of year	<u>\$ 877,503</u>	<u>\$ 1,255</u>	<u>\$ 487,839</u>	<u>\$ 6,459,969</u>	<u>\$ 126,547</u>	<u>\$ 532</u>	<u>\$ 7,953,645</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**BUDGETED NONMAJOR DEBT SERVICE FUNDS**

For the Fiscal Years Ended September 30, 2009

	General Obligation Debt Service Fund			Miami Beach Redevelopment Agency Special Obligation Debt Service Fund		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>						
Property taxes	\$ 6,069,019	\$ 5,928,447	\$ (140,572)	\$	\$	\$
Interest income		4,657	4,657		28,605	28,605
Total revenues	6,069,019	5,933,104	(135,915)		28,605	28,605
<b>Expenditures</b>						
Debt Service:						
Principal payments	2,505,000	2,505,000		4,045,000	4,045,000	
Interest payments	3,550,367	3,520,367	30,000	4,329,697	4,329,697	
Other	13,652	9,829	3,823			
Total expenditures	6,069,019	6,035,196	33,823	8,374,697	8,374,697	
Excess (deficiency) of revenues over (under) expenditures		(102,092)	(102,092)	(8,374,697)	(8,346,092)	28,605
<b>Other financing sources (uses)</b>						
Transfers in				10,086,093	10,087,839	1,746
Transfers out				(1,711,396)	(1,711,396)	
Total other financing sources				8,374,697	8,376,443	1,746
Net change in fund balances		(102,092)	(102,092)		30,351	30,351
Fund balances - beginning	979,595	979,595		6,429,618	6,429,618	
Fund balances - ending	<u>\$ 979,595</u>	<u>\$ 877,503</u>	<u>\$ (102,092)</u>	<u>\$ 6,429,618</u>	<u>\$ 6,459,969</u>	<u>\$ 30,351</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**September 30, 2009**

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 9,595,352	\$ 7,687,802	\$ 4,814,926	\$ 22,098,080
Accounts receivable (net of allowance for uncollectibles)	696,431	4,351	404,083	1,104,865
Due from other governments		724	405	1,129
Due from other funds	2,317,859			2,317,859
Prepaid expenses		7,000	56,861	63,861
Total current assets	<u>12,609,642</u>	<u>7,699,877</u>	<u>5,276,275</u>	<u>25,585,794</u>
Noncurrent assets:				
Cash and investments				
Customer deposits		7,187	60,186	67,373
Deferred charges	2,028			2,028
Capital assets:				
Land	405,680	2,793,051	210,230	3,408,961
Buildings and structures	542,339	11,955,752	899,896	13,397,987
Machinery and equipment	3,164,416	216,371	9,404	3,390,191
Construction in progress	407,298	110,781	441,765	959,844
Less accumulated depreciation	<u>(2,371,543)</u>	<u>(4,196,250)</u>	<u>(323,078)</u>	<u>(6,890,871)</u>
Total capital assets (net of accumulated depreciation)	<u>2,148,190</u>	<u>10,879,705</u>	<u>1,238,217</u>	<u>14,266,112</u>
Total noncurrent assets	<u>2,150,218</u>	<u>10,886,892</u>	<u>1,298,403</u>	<u>14,335,513</u>
Total assets	<u>14,759,860</u>	<u>18,586,769</u>	<u>6,574,678</u>	<u>39,921,307</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	882,374	60,160	3,758	946,292
Accrued expenses	173,962	619		174,581
Due to other funds		12,779		12,779
Loan payable	109,419			109,419
Accrued compensated absences	274,122			274,122
Unearned revenue		9,951		9,951
Total current liabilities	<u>1,439,877</u>	<u>83,509</u>	<u>3,758</u>	<u>1,527,144</u>
Noncurrent liabilities:				
Deposits		7,187	60,186	67,373
Accrued compensated absences	298,857			298,857
Loan payable	416,033			416,033
Total noncurrent liabilities	<u>714,890</u>	<u>7,187</u>	<u>60,186</u>	<u>782,263</u>
Total liabilities	<u>2,154,767</u>	<u>90,696</u>	<u>63,944</u>	<u>2,309,407</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	1,622,738	10,879,705	1,238,217	13,740,660
Unrestricted	10,982,355	7,616,368	5,272,517	23,871,240
Total net assets	<u>\$ 12,605,093</u>	<u>\$ 18,496,073</u>	<u>\$ 6,510,734</u>	<u>\$ 37,611,900</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2009**

	<u>Sanitation Fund</u>	<u>Miami Beach Redevelopment Agency's Parking Fund</u>	<u>Miami Beach Redevelopment Agency's Leasing Fund</u>	<u>Totals</u>
Operating revenues:				
Charges for services	\$ 7,398,789	\$ 2,031,818	\$	\$ 9,430,607
Permits, rentals, and other	6,748,246	575,324	752,647	8,076,217
Total operating revenues	<u>14,147,035</u>	<u>2,607,142</u>	<u>752,647</u>	<u>17,506,824</u>
Operating expenses:				
Personal services	7,142,207			7,142,207
Operating supplies	43,466	12,732		56,198
Contractual services	3,812,330	1,334,036	61,190	5,207,556
Utilities	48,547	79,367		127,914
Internal charges	1,400,149	53,477		1,453,626
Depreciation	362,814	426,960	33,103	822,877
Administrative fees	264,500			264,500
Amortization	440			440
Other operating	644,086		9,106	653,192
Total operating expenses	<u>13,718,539</u>	<u>1,906,572</u>	<u>103,399</u>	<u>15,728,510</u>
Operating income	<u>428,496</u>	<u>700,570</u>	<u>649,248</u>	<u>1,778,314</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(11,245)			(11,245)
Gain (Loss) on disposal of capital assets	(366)			(366)
Interest income	278,014	28,091	17,985	324,090
Total nonoperating expenses	<u>266,403</u>	<u>28,091</u>	<u>17,985</u>	<u>312,479</u>
Income before contributions and transfers	<u>694,899</u>	<u>728,661</u>	<u>667,233</u>	<u>2,090,793</u>
Transfers in	935,387			935,387
Transfers out	(5,736)			(5,736)
Change in net assets	<u>1,624,550</u>	<u>728,661</u>	<u>667,233</u>	<u>3,020,444</u>
Total net assets - beginning	<u>10,980,543</u>	<u>17,767,412</u>	<u>5,843,501</u>	<u>34,591,456</u>
Total net assets - ending	<u>\$ 12,605,093</u>	<u>\$ 18,496,073</u>	<u>\$ 6,510,734</u>	<u>\$ 37,611,900</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2009**

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 6,853,457	\$ 2,609,131	\$ 671,669	\$ 10,134,257
Cash paid to suppliers	(4,620,153)	(1,534,553)	(47,854)	(6,202,560)
Cash paid to employees	(7,064,667)			(7,064,667)
Internal activity-payments to other funds	(1,135,649)	(41,079)		(1,176,728)
Other operating	6,748,246			6,748,246
Net cash provided by (used in) operating activities	<u>781,234</u>	<u>1,033,499</u>	<u>623,815</u>	<u>2,438,548</u>
Cash flows for non-capital financing activities:				
Transfers in	935,387			935,387
Transfers out	(5,736)			(5,736)
Net cash provided by non-capital financing activities	<u>929,651</u>			<u>929,651</u>
Cash flows from capital and related financial activities:				
Loan proceeds	250,316			250,316
Repayment of loan	(78,323)			(78,323)
Interest and fiscal charges	(11,725)			(11,725)
Purchase of capital assets	(161,161)	(11,090)		(172,251)
Net cash used in capital and related financial activities	<u>(893)</u>	<u>(11,090)</u>		<u>(11,983)</u>
Cash flows from investing activities:				
Interest on investments	278,014	28,091	17,985	324,090
Net cash provided by investing activities	<u>278,014</u>	<u>28,091</u>	<u>17,985</u>	<u>324,090</u>
Net increase in cash and investments	1,988,006	1,050,500	641,800	3,680,306
Cash and investments - beginning of year	<u>7,607,346</u>	<u>6,644,489</u>	<u>4,233,312</u>	<u>18,485,147</u>
Cash and investments - end of year	<u>\$ 9,595,352</u>	<u>\$ 7,694,989</u>	<u>\$ 4,875,112</u>	<u>\$ 22,165,453</u>
Classified as:				
Current assets	\$ 9,595,352	\$ 7,687,802	\$ 4,814,926	\$ 22,098,080
Restricted assets		7,187	60,186	67,373
Total cash and investments	<u>\$ 9,595,352</u>	<u>\$ 7,694,989</u>	<u>\$ 4,875,112</u>	<u>\$ 22,165,453</u>

(continued)

**CITY OF MIAMI BEACH, FLORIDA**  
**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY**  
**OPERATING ACTIVITIES**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2009**

(continued)

	<u>Sanitation Fund</u>	<u>Miami Beach Redevelopment Agency's Parking Fund</u>	<u>Miami Beach Redevelopment Agency's Leasing Fund</u>	<u>Totals</u>
Operating income (loss)	\$ 428,496	\$ 700,570	\$ 649,248	\$ 1,778,314
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:				
Depreciation and amortization	363,254	426,960	33,103	823,317
Provision for uncollectible accounts	24,968		9,107	34,075
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	173,630		(80,978)	92,652
Increase (decrease) in due from other governments		(724)	1,477	753
Increase (decrease) in due from other funds	(743,930)			(743,930)
(Increase) decrease in prepaid expense			10,475	10,475
Increase (decrease) in accounts payable	457,276	(105,205)	1,508	353,579
Increase (decrease) in accrued expenses	37,319	(204)		37,115
Increase (decrease) in deposits		1,274		1,274
Increase (decrease) in due to other governments		(1,622)		(1,622)
Increase (decrease) in due to other funds		12,398	(125)	12,273
Increase (decrease) in deferred revenues		52		52
Increase (decrease) in accrued compensated absences	40,221			40,221
Total adjustments	<u>352,738</u>	<u>332,929</u>	<u>(25,433)</u>	<u>660,234</u>
Net cash provided by (used in) operating activities	<u>\$ 781,234</u>	<u>\$ 1,033,499</u>	<u>\$ 623,815</u>	<u>\$ 2,438,548</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**September 30, 2009**

	<b>Fleet Management Fund</b>	<b>Property Management Fund</b>	<b>Central Services Fund</b>	<b>Risk Insurance Fund</b>	<b>Health Insurance Fund</b>	<b>Communications Fund</b>	<b>Total</b>
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 5,309,728	\$ 918,933	\$ 47,334	\$ 17,096,174	\$ 357,021	\$ 5,331,931	\$ 29,061,121
Cash with fiscal agent				100,000			100,000
Accounts receivable, net	156,262	20,339	9,372		87,513	4,277	277,763
Due from other funds	9,234	91,170	724	119,355	2,986,066	11,086	3,217,635
Prepaid expenses				1,297,724			1,297,724
Inventories	163,990	122,979	16,873				303,842
Total current assets	<u>5,639,214</u>	<u>1,153,421</u>	<u>74,303</u>	<u>18,613,253</u>	<u>3,430,600</u>	<u>5,347,294</u>	<u>34,258,085</u>
Noncurrent assets:							
Deferred charges	46,397					48,233	94,630
Capital assets:							
Land	608,520						608,520
Buildings and structures	2,001,269	19,276					2,020,545
Machinery and equipment	27,351,961	3,257,758	131,943	362,514		33,207,173	64,311,349
Construction in progress						476,550	476,550
Less accumulated depreciation	(19,382,564)	(2,259,552)	(106,326)	(161,922)		(24,306,831)	(46,217,195)
Total capital assets (net of accumulated depreciation)	<u>10,579,186</u>	<u>1,017,482</u>	<u>25,617</u>	<u>200,592</u>		<u>9,376,892</u>	<u>21,199,769</u>
Total noncurrent assets	<u>10,625,583</u>	<u>1,017,482</u>	<u>25,617</u>	<u>200,592</u>		<u>9,425,125</u>	<u>21,294,399</u>
Total assets	<u>16,264,797</u>	<u>2,170,903</u>	<u>99,920</u>	<u>18,813,845</u>	<u>3,430,600</u>	<u>14,772,419</u>	<u>55,552,484</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	1,113,957	316,856	27,075	183,196	280,554	741,578	2,663,216
Accrued expenses	61,976	108,612	8,726	39,536		152,292	371,142
Due to other funds				2,911,481	985,254		3,896,735
Accrued compensated absences	50,333	193,455	25,612	15,823		141,769	426,992
Loan payable	1,801,586	42,812				604,690	2,449,088
Pending insurance claims				6,020,000			6,020,000
Total current liabilities	<u>3,027,852</u>	<u>661,735</u>	<u>61,413</u>	<u>9,170,036</u>	<u>1,265,808</u>	<u>1,640,329</u>	<u>15,827,173</u>
Noncurrent liabilities:							
Accrued compensated absences	122,012	53,365	34,636	75,565		531,343	816,921
Loan payable	4,579,139	275,741				3,224,708	8,079,588
Pending insurance claims				4,563,616			4,563,616
Insurance claims incurred but not reported				13,989,224			13,989,224
Total noncurrent liabilities	<u>4,701,151</u>	<u>329,106</u>	<u>34,636</u>	<u>18,628,405</u>		<u>3,756,051</u>	<u>27,449,349</u>
Total liabilities	<u>7,729,003</u>	<u>990,841</u>	<u>96,049</u>	<u>27,798,441</u>	<u>1,265,808</u>	<u>5,396,380</u>	<u>43,276,522</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	4,198,461	698,929	25,617	200,592		5,547,494	10,671,093
Unrestricted	4,337,333	481,133	(21,746)	(9,185,188)	2,164,792	3,828,545	1,604,869
Total net assets	<u>\$ 8,535,794</u>	<u>\$ 1,180,062</u>	<u>\$ 3,871</u>	<u>\$ (8,984,596)</u>	<u>\$ 2,164,792</u>	<u>\$ 9,376,039</u>	<u>\$ 12,275,962</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 2009**

	<u>Fleet Management Fund</u>	<u>Property Management Fund</u>	<u>Central Services Fund</u>	<u>Risk Insurance Fund</u>	<u>Health Insurance Fund</u>	<u>Communications Fund</u>	<u>Total</u>
Operating revenues:							
Charges for services	\$ 7,151,119	\$ 8,824,734	\$ 906,912	\$ 18,290,066	\$ 13,240,700	\$ 12,810,789	\$ 61,224,320
Miscellaneous	114,617	6,492		738,517	208,734	1,506,389	2,574,749
Total operating revenues	<u>7,265,736</u>	<u>8,831,226</u>	<u>906,912</u>	<u>19,028,583</u>	<u>13,449,434</u>	<u>14,317,178</u>	<u>63,799,069</u>
Operating expenses:							
Personal services	1,660,144	4,526,095	410,809	536,961	90,589	4,789,201	12,013,799
Operating supplies	2,999,928	792,747	681	4,109		142,962	3,940,427
Contractual services	123,941	1,601,690	293,444	1,237,540	728,865	3,120,933	7,106,413
Utilities	68,991	937,025	3,421	404		1,134,188	2,144,029
Internal charges	583,753	769,495	79,748	33,150		738,056	2,204,202
Administrative fees	105,800	79,350	25,000	674,481		79,350	963,981
Amortization	10,411					5,683	16,094
Depreciation	3,237,442	246,399	6,355	52,883		3,955,047	7,498,126
Insurance				9,353,485	670,069		10,023,554
Claims and judgements				8,839,225	9,795,119		18,634,344
Other operating	61,594	13,621	82,376	8,379		191,184	357,154
Total operating expenses	<u>8,852,004</u>	<u>8,966,422</u>	<u>901,834</u>	<u>20,740,617</u>	<u>11,284,642</u>	<u>14,156,604</u>	<u>64,902,123</u>
Operating income (loss)	<u>(1,586,268)</u>	<u>(135,196)</u>	<u>5,078</u>	<u>(1,712,034)</u>	<u>2,164,792</u>	<u>160,574</u>	<u>(1,103,054)</u>
Nonoperating revenues (expenses):							
Interest and fiscal charges	(201,246)	(8,204)				(142,772)	(352,222)
Gain (loss) on sale of capital assets	59,573	14,109				(44,845)	28,837
Interest income	150,952	23,268		434,643		83,395	692,258
Total nonoperating revenues (expenses)	<u>9,279</u>	<u>29,173</u>		<u>434,643</u>		<u>(104,222)</u>	<u>368,873</u>
Income (loss) before contributions and transfers	<u>(1,576,989)</u>	<u>(106,023)</u>	<u>5,078</u>	<u>(1,277,391)</u>	<u>2,164,792</u>	<u>56,352</u>	<u>(734,181)</u>
Capital contributions	25,506					146,658	172,164
Transfers in	11,016			862		1,099,231	1,111,109
Transfers out		(5,148)	(2,704)	(4,233)		(59,523)	(71,608)
Change in net assets	<u>(1,540,467)</u>	<u>(111,171)</u>	<u>2,374</u>	<u>(1,280,762)</u>	<u>2,164,792</u>	<u>1,242,718</u>	<u>477,484</u>
Net assets--beginning	<u>10,076,261</u>	<u>1,291,233</u>	<u>1,497</u>	<u>(7,703,834)</u>		<u>8,133,321</u>	<u>11,798,478</u>
Net assets--ending	<u>\$ 8,535,794</u>	<u>\$ 1,180,062</u>	<u>\$ 3,871</u>	<u>\$ (8,984,596)</u>	<u>\$ 2,164,792</u>	<u>\$ 9,376,039</u>	<u>\$ 12,275,962</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS**  
**INCREASE (DECREASE) IN CASH AND INVESTMENTS**

For the Fiscal Year Ended September 30, 2009

	Fleet Management Fund	Property Maintenance Fund	Central Services Fund	Risk Insurance Fund	Health Insurance Fund	Communications Fund	Totals
Cash flows from operating activities:							
Cash received from users	\$ 7,151,119	\$ 8,826,203	\$ 911,399	\$ 18,290,066	\$ 13,241,898	\$ 12,811,097	\$ 61,231,782
Cash paid to suppliers	(2,616,744)	(3,338,397)	(374,523)	(8,435,005)	(2,648,588)	(4,897,292)	(22,310,549)
Cash paid to employees	(1,673,453)	(4,494,221)	(414,529)	(498,087)	(90,589)	(4,701,283)	(11,872,162)
Cash paid for claims and judgements				(7,164,518)	(7,279,657)		(14,444,175)
Internal charges-payments to other funds	(689,553)	(922,292)	(104,748)	(570,111)	(2,986,066)	(817,406)	(6,090,176)
Other operating	87,503	14,238		738,517	120,023	1,506,389	2,466,670
Net cash provided by (used in) operating activities	<u>2,258,872</u>	<u>85,531</u>	<u>17,599</u>	<u>2,360,862</u>	<u>357,021</u>	<u>3,901,505</u>	<u>8,981,390</u>
Cash flows for non-capital financing activities:							
Transfers in	11,016			862		1,099,231	1,111,109
Transfers out		(5,148)	(2,704)	(4,233)		(59,523)	(71,608)
Net cash provided by (used in) non-capital financing activities	<u>11,016</u>	<u>(5,148)</u>	<u>(2,704)</u>	<u>(3,371)</u>		<u>1,039,708</u>	<u>1,039,501</u>
Cash flows from capital and related financial activities:							
Loan proceeds	1,441,182	138,779				16,004	1,595,965
Repayment of loan	(2,013,100)	(29,570)				(584,036)	(2,626,706)
Interest and fiscal charges	(212,747)	(8,204)				(147,922)	(368,873)
Purchase of capital assets	(2,382,228)	(322,279)		(75,069)		(1,548,656)	(4,328,232)
Proceeds from sale of capital assets	147,033	14,109					161,142
Net cash used in capital and related financial activities	<u>(3,019,860)</u>	<u>(207,165)</u>		<u>(75,069)</u>		<u>(2,264,610)</u>	<u>(5,566,704)</u>
Cash flows from investing activities:							
Interest on investments	150,952	23,268		434,643		83,395	692,258
Net cash provided by investing activities	<u>150,952</u>	<u>23,268</u>		<u>434,643</u>		<u>83,395</u>	<u>692,258</u>
Net increase (decrease) in cash and investments	(599,020)	(103,514)	14,895	2,717,065	357,021	2,759,998	5,146,445
Cash and investments - beginning of year	5,908,748	1,022,447	32,439	14,479,109		2,571,933	24,014,676
Cash and investments - end of year	<u>\$ 5,309,728</u>	<u>\$ 918,933</u>	<u>\$ 47,334</u>	<u>\$ 17,196,174</u>	<u>\$ 357,021</u>	<u>\$ 5,331,931</u>	<u>\$ 29,161,121</u>
Classified as:							
Cash and investments-current	\$ 5,309,728	\$ 918,933	\$ 47,334	\$ 17,196,174	\$ 357,021	\$ 5,331,931	\$ 29,161,121
Non-cash transactions affecting financial position:							
Capital contributions of capital assets	<u>\$ 25,506</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 146,658</u>	<u>\$ 172,164</u>

(continued)

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS**  
**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**  
**For the Fiscal Year Ended September 30, 2009**

(continued)

	<u>Fleet Management Fund</u>	<u>Property Maintenance Fund</u>	<u>Central Services Fund</u>	<u>Risk Insurance Fund</u>	<u>Health Insurance Fund</u>	<u>Communications Fund</u>	<u>Totals</u>
Operating income (loss)	\$ (1,586,268)	\$ (135,196)	\$ 5,078	\$ (1,712,034)	\$ 2,164,792	\$ 160,574	\$ (1,103,054)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	3,247,853	246,399	6,355	52,883		3,960,730	7,514,220
Provision for uncollectible accounts		1,469			1,198	1,760	4,427
Changes in assets and liabilities:							
(Increase) decrease in inventories	12,269	(5,071)	3,739				10,937
(Increase) decrease in accounts receivable	(26,891)	7,746	(360)		(88,711)	(6,037)	(114,253)
(Increase) decrease in due from other funds	(223)	(73,447)	4,847	(117,550)	(2,986,066)	4,585	(3,167,854)
Increase in prepaid expense				(80,136)			(80,136)
Increase (decrease) in accounts payable	625,441	11,757	1,660	(396,468)	280,554	(308,025)	214,919
Increase (decrease) in accrued compensated absences	(18,008)	14,634	(6,887)	6,962		76,726	73,427
Increase (decrease) in due to other funds				2,911,481	985,254		3,896,735
Increase in pending insurance claims				710,362			710,362
Increase in insurance claims incurred but not reported				964,345			964,345
Increase (decrease) in accrued expenses	4,699	17,240	3,167	21,017		11,192	57,315
Total adjustments	<u>3,845,140</u>	<u>220,727</u>	<u>12,521</u>	<u>4,072,896</u>	<u>(1,807,771)</u>	<u>3,740,931</u>	<u>10,084,444</u>
Net cash provided by (used in) operating activities	<u>\$ 2,258,872</u>	<u>\$ 85,531</u>	<u>\$ 17,599</u>	<u>\$ 2,360,862</u>	<u>\$ 357,021</u>	<u>\$ 3,901,505</u>	<u>\$ 8,981,390</u>

**CITY OF MIAMI BEACH, FLORIDA  
COMBINING STATEMENT OF PLAN NET ASSETS  
FIDUCIARY FUNDS**

**September 30, 2009**

	Employees' Retirement System	Retirement System for Firefighters and Police Officers	Firemen's Relief and Pension Fund *	Policemen's Relief and Pension Fund	Postemployment Benefits Other Than Pension (OPEB)	Totals
<b>Assets</b>						
Cash and cash equivalents	\$ 4,630,264	\$ 20,000	\$ 468,761	\$ 25,323	\$ 8,640,417	\$ 13,784,765
Accrued interest receivable	547,033	2,841,790	54,229	25,513		3,468,565
Contribution receivable	222,637	180,821	968,651			1,372,109
Prepaid insurance				5,509		5,509
Investments, at fair value:						
Short-term investments				694,824		694,824
U.S. Government securities	8,166,629	48,079,615	1,538,049	878,035		58,662,328
Corporate bonds and notes	27,154,019	166,320,937	3,020,369	1,121,941		197,617,266
Common stocks and index funds	49,501,753	194,076,975	3,977,555	2,470,095		250,026,378
Aggregated bond funds	71,545,240		97,250			71,642,490
Aggregated equity funds	205,536,922	63,095,732				268,632,654
Money market funds		5,046,909				5,046,909
Real estate funds		14,758,653				14,758,653
Mutual funds self-directed DROP participants	472,207	6,427,215				6,899,422
Total investments	<u>362,376,770</u>	<u>497,806,036</u>	<u>8,633,223</u>	<u>5,164,895</u>		<u>873,980,924</u>
Total assets	<u>367,776,704</u>	<u>500,848,647</u>	<u>10,124,864</u>	<u>5,221,240</u>	<u>8,640,417</u>	<u>892,611,872</u>
<b>Liabilities</b>						
Accounts payable	<u>18,360,640</u>	<u>6,636,773</u>		<u>12,000</u>		<u>25,009,413</u>
Total liabilities	<u>18,360,640</u>	<u>6,636,773</u>		<u>12,000</u>		<u>25,009,413</u>
<b>Net Assets</b>						
Held in trust for pension benefits	<u>\$ 349,416,064</u>	<u>\$ 494,211,874</u>	<u>\$ 10,124,864</u>	<u>\$ 5,209,240</u>	<u>\$ 8,640,417</u>	<u>\$ 867,602,459</u>

\* Balance at June 30, 2008

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS**  
**FIDUCIARY FUNDS**

For the Fiscal Year Ended September 30, 2009

	Employees' Retirement System	Retirement System for Firefighters and Police Officers	Firemen's Relief and Pension Fund *	Policemen's Relief and Pension Fund	Postemployment Benefits Other Than Pension (OPEB)	Totals
<b>Additions:</b>						
<b>Contributions -</b>						
Employer	\$ 12,863,823	\$ 20,039,446	\$	\$	\$ 1,528,877	\$ 34,432,146
Employee	6,820,064	5,039,349				11,859,413
State of Florida		120,549	918,771	530,091		1,569,411
Buybacks/transfers from other systems		1,503,248				1,503,248
Other			30,689	518		31,207
<b>Total contributions</b>	<b>19,683,887</b>	<b>26,702,592</b>	<b>949,460</b>	<b>530,609</b>	<b>1,528,877</b>	<b>49,395,425</b>
<b>Investment income -</b>						
Net increase/(decrease) in fair value of investments	(6,201,923)	(9,154,705)	(1,398,882)	(219,416)		(16,974,926)
Interest and dividends income	3,838,962	17,943,433	300,592	153,146	210,540	22,446,673
Investment management expenses	(2,362,961)	8,788,728	(1,098,290)	(66,270)	210,540	5,471,747
	(656,864)	(2,105,607)	(30,602)	(17,505)		(2,810,578)
<b>Net investment income/(loss)</b>	<b>(3,019,825)</b>	<b>6,683,121</b>	<b>(1,128,892)</b>	<b>(83,775)</b>	<b>210,540</b>	<b>2,661,169</b>
<b>Total additions/(reduction)</b>	<b>16,664,062</b>	<b>33,385,713</b>	<b>(179,432)</b>	<b>446,834</b>	<b>1,739,417</b>	<b>52,056,594</b>
<b>Deductions:</b>						
Benefit paid	29,346,790	37,986,970	1,742,213	1,226,588		70,302,561
Contributions refunded	752,415	208,216				960,631
Transfers to other systems	57,999					57,999
Administrative expenses	675,590	767,484	33,633	79,962		1,556,669
<b>Total deductions</b>	<b>30,832,794</b>	<b>38,962,670</b>	<b>1,775,846</b>	<b>1,306,550</b>		<b>72,877,860</b>
<b>Net increase/(decrease)</b>	<b>(14,168,732)</b>	<b>(5,576,957)</b>	<b>(1,955,278)</b>	<b>(859,716)</b>	<b>1,739,417</b>	<b>(20,821,266)</b>
Net assets held in trust for pension benefits - beginning of year	363,584,796	499,788,831	12,080,142	6,068,956	6,901,000	888,423,725
Net assets held in trust for pension benefits - end of year	<b>\$ 349,416,064</b>	<b>\$ 494,211,874</b>	<b>\$ 10,124,864</b>	<b>\$ 5,209,240</b>	<b>\$ 8,640,417</b>	<b>\$ 867,602,459</b>

\* For the period ended June 30, 2009

**CITY OF MIAMI BEACH, FLORIDA  
AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**For the Fiscal Year Ended September 30, 2009**

	September 30, 2008	Additions	Deductions	September 30, 2009
<u>Assets</u>				
Cash and investments	\$ 8,595,888	\$ 72,008,504	\$ 73,715,446	\$ 6,888,946
Accounts receivable	85,684	128,300	129,330	84,654
Total Assets	<u>\$ 8,681,572</u>	<u>\$ 72,136,804</u>	<u>\$ 73,844,776</u>	<u>\$ 6,973,600</u>
<u>Liabilities</u>				
Accounts payable	\$ 1,194,862	\$ 59,742,774	\$ 60,809,385	\$ 128,251
Deposits	7,486,710	71,472,371	72,113,732	6,845,349
Total Liabilities	<u>\$ 8,681,572</u>	<u>\$ 131,215,145</u>	<u>\$ 132,923,117</u>	<u>\$ 6,973,600</u>

**CITY OF MIAMI BEACH, FLORIDA  
STATEMENT OF NET ASSETS  
DISCRETELY PRESENTED COMPONENT UNITS**

**September 30, 2009**

	Miami Beach Visitor and Convention Authority	Miami Beach Health Facilities Authority	Total
<b>Assets</b>			
Cash and investments	\$ 2,209,027	\$ 293,820	\$ 2,502,847
Accounts receivable	303,882	107,500	411,382
Capital assets, net of accumulated depreciation	<u>36,403</u>	<u>                    </u>	<u>36,403</u>
Total assets	<u>2,549,312</u>	<u>401,320</u>	<u>2,950,632</u>
<b>Liabilities</b>			
Accounts payable	2,000		2,000
Accrued expenses	<u>300,586</u>	<u>                    </u>	<u>300,586</u>
Total liabilities	<u>302,586</u>	<u>                    </u>	<u>302,586</u>
<b>Net Assets</b>			
Invested in capital assets	36,403		36,403
Unrestricted	<u>2,210,323</u>	<u>401,320</u>	<u>2,611,643</u>
Total net assets	<u>\$ 2,246,726</u>	<u>\$ 401,320</u>	<u>\$ 2,648,046</u>

**CITY OF MIAMI BEACH, FLORIDA  
STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS**

**For the Fiscal Year Ended September 30, 2009**

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Totals
	Expenses	Operating Grants and Contributions	Visitor and Convention Authority	Health Facilities Authority	
<b>Miami Beach Visitor and Convention Authority</b>					
Cultural - grant program	\$ 1,195,236	\$ 40,000	\$ (1,155,236)	\$	\$ (1,155,236)
General administrative	244,799		(244,799)		(244,799)
Total Miami Beach Visitor and Convention Authority	<u>1,440,035</u>	<u>40,000</u>	<u>(1,400,035)</u>		<u>(1,400,035)</u>
<b>Miami Beach Health Facilities Authority</b>					
General administrative	<u>109,877</u>			(109,877)	(109,877)
Total component units	<u>\$ 1,549,912</u>	<u>\$ 40,000</u>			<u>(1,509,912)</u>
General revenues:					
Resort tax allocation			1,483,492		1,483,492
Financing fees				107,500	107,500
Interest			11,576	80	11,656
Total general revenues			<u>1,495,068</u>	<u>107,580</u>	<u>1,602,648</u>
Change in net assets			95,033	(2,297)	92,736
Net assets - beginning			2,151,693	403,617	2,555,310
Net assets - ending			<u>\$ 2,246,726</u>	<u>\$ 401,320</u>	<u>\$ 2,648,046</u>

# **STATISTICAL SECTION**

# STATISTICAL SECTION

This part of the City of Miami Beach's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

## Contents

### Financial Trends

*These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

### Revenue Capacity

*These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.*

### Debt Capacity

*These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.*

### Demographic and Economic Information

*These schedules offer demographic and economic indicators to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*

### Operating Information

*These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF MIAMI BEACH, FLORIDA**  
**NET ASSETS BY COMPONENT,**  
**LAST EIGHT FISCAL YEARS**  
*(accrual basis of accounting - Unaudited)*

	Fiscal Year							
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities								
Invested in capital assets, net of related debt	\$ 94,230,869	\$ 158,422,795	\$ 177,687,648	\$ 158,234,524	\$ 191,314,123	\$ 228,227,002	\$ 286,954,685	\$ 340,034,409
Restricted	72,627,548	71,828,095	83,373,860	97,309,826	96,933,608	93,796,180	142,367,431	116,301,903
Unrestricted	48,712,498	9,319,319	4,587,330	4,204,977	54,787,021	103,833,704	84,668,344	118,676,058
Total governmental activities net assets	<u>215,570,915</u>	<u>239,570,209</u>	<u>265,648,838</u>	<u>259,749,327</u>	<u>343,034,752</u>	<u>425,856,886</u>	<u>513,990,460</u>	<u>575,012,370</u>
Business-type activities								
Invested in capital assets, net of related debt	207,522,214	219,819,296	230,924,728	256,118,268	249,458,274	261,687,666	239,922,397	320,033,874
Restricted				12,919,888	28,977,432	28,894,110	21,887,662	18,984,310
Unrestricted	100,091,722	102,118,142	118,799,978	106,422,259	112,344,279	122,077,059	167,223,594	122,454,301
Total business-type activities net assets	<u>307,613,936</u>	<u>321,937,438</u>	<u>349,724,706</u>	<u>375,460,415</u>	<u>390,779,985</u>	<u>412,658,835</u>	<u>429,033,653</u>	<u>461,472,485</u>
Primary government								
Invested in capital assets, net of related debt	301,753,083	378,242,091	408,612,376	414,352,792	440,772,397	489,914,668	526,877,082	660,068,283
Restricted	72,627,548	71,828,095	83,373,860	110,229,714	125,911,040	122,690,290	164,255,093	135,286,213
Unrestricted	148,804,220	111,437,461	123,387,308	110,627,236	167,131,300	225,910,763	251,891,938	241,130,359
Total primary government net assets	<u>\$ 523,184,851</u>	<u>\$ 561,507,647</u>	<u>\$ 615,373,544</u>	<u>\$ 635,209,742</u>	<u>\$ 733,814,737</u>	<u>\$ 838,515,721</u>	<u>\$ 943,024,113</u>	<u>\$ 1,036,484,855</u>

Note - GASB 34 requires the preparation of a Statement of Net Assets. The City implemented GASB 34 for the fiscal year ended September 30, 2002, hence this statement is presented from 2002 forward and does not contain ten years of information.

**CITY OF MIAMI BEACH, FLORIDA**  
**CHANGES IN NET ASSETS,**  
**LAST EIGHT FISCAL YEARS**  
*(accrual basis of accounting)*

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>								
Governmental activities:								
General government	\$ 25,829,313	\$ 23,628,047	\$ 28,795,043	\$ 39,320,007	\$ 43,639,010	\$ 48,188,199	\$ 44,608,072	\$ 44,331,119
Public safety	84,602,292	91,078,245	100,472,672	110,402,334	121,678,913	133,068,393	149,953,945	155,153,733
Physical environment	2,895,202	2,727,148	2,740,147	4,377,740	4,088,447	2,418,815	1,684,934	2,237,314
Transportation	8,933,603	9,529,725	11,602,611	10,665,897	693,673	10,187,046	9,733,789	8,927,038
Economic environment	8,501,119	7,557,709	4,053,198	6,975,706	232,748	22,006,137	4,293,175	3,934,183
Human services	1,495,853	1,546,396	1,480,826	2,323,536	1,839,731	1,438,987	1,721,151	1,606,517
Culture and recreation	31,672,707	29,579,682	36,733,315	36,736,715	40,288,229	38,301,266	39,430,360	41,569,779
Interest on long-term debt	16,334,853	16,051,074	17,369,780	19,284,911	12,991,581	13,570,730	12,476,916	11,767,919
<b>Total governmental activities expenses</b>	<b>180,264,942</b>	<b>181,698,026</b>	<b>203,247,592</b>	<b>230,086,846</b>	<b>225,452,332</b>	<b>269,179,573</b>	<b>263,902,342</b>	<b>269,527,602</b>
Business-type activities:								
Stormwater	4,020,379	3,968,799	4,891,358	4,665,458	4,353,932	5,421,124	4,980,583	3,755,854
Water	14,939,612	15,615,833	17,266,977	17,672,606	20,974,282	21,124,609	20,930,577	23,467,862
Sewer	25,460,076	24,948,514	23,854,749	25,074,612	23,747,056	25,818,687	26,619,914	25,425,037
Parking	15,172,305	16,739,868	17,459,943	19,147,189	20,378,613	22,826,900	24,612,370	25,141,478
Convention Center	13,469,379	15,615,399	15,022,623	16,885,954	18,139,037	18,365,554	17,788,549	14,743,596
Other	7,270,318	7,756,058	8,855,196	10,620,399	17,005,334	14,324,409	15,860,607	15,784,821
<b>Total business-type activities expenses</b>	<b>80,332,069</b>	<b>84,644,471</b>	<b>87,350,846</b>	<b>94,066,218</b>	<b>104,598,254</b>	<b>107,881,283</b>	<b>110,792,600</b>	<b>108,318,648</b>
<b>Total primary government expenses</b>	<b>260,597,011</b>	<b>266,342,497</b>	<b>290,598,438</b>	<b>324,153,064</b>	<b>330,050,586</b>	<b>377,060,856</b>	<b>374,694,942</b>	<b>377,846,250</b>
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
General government	\$ 6,459,266	\$ 13,269,829	\$ 19,463,899	\$ 17,266,876	\$ 19,464,495	\$ 30,405,003	\$ 30,588,011	\$ 47,607,219
Public safety	1,360,094	14,471,102	16,299,872	18,255,615	20,452,808	20,074,100	23,485,245	5,668,803
Culture and recreation	1,118,889	3,798,117	4,634,957	5,532,048	5,581,803	5,849,885	5,837,885	6,513,589
Other	26,317,700	9,756,567	6,231,030	5,714,406	65,111	55,028	34,470	20,305
Operating grants and contributions	9,526,279	12,003,130	17,874,829	24,260,946	45,361,039	40,520,024	25,591,885	18,890,498
Capital grants and contributions	3,929,445	2,529,706	1,719,812	1,718,649	2,464,239	1,883,176	14,732,625	4,766,094
<b>Total governmental activities program revenue</b>	<b>48,711,673</b>	<b>55,828,451</b>	<b>66,224,399</b>	<b>72,748,540</b>	<b>93,389,495</b>	<b>98,787,216</b>	<b>100,270,121</b>	<b>83,466,508</b>
Business-type activities:								
Charges for services:								
Stormwater	5,230,566	7,622,002	7,833,014	7,872,251	7,415,170	7,357,399	7,109,411	9,671,731
Water	17,749,061	17,925,175	20,210,378	20,014,509	20,131,642	21,653,555	23,080,564	30,141,576
Sewer	25,604,163	26,337,494	25,476,403	28,597,701	27,492,458	25,816,726	28,953,077	32,906,403
Parking	19,187,199	19,599,639	19,688,121	21,107,793	22,118,981	25,063,379	25,626,973	28,267,558
Convention Center	7,557,445	7,067,189	7,544,309	8,330,757	9,486,466	10,167,750	9,044,165	6,884,276
Other	6,661,646	6,115,640	6,386,667	7,449,685	7,465,516	7,956,217	10,038,593	10,758,578
Operating grants and contributions	7,885,883	9,627,672	11,075,929	20,459,284	18,749,928	18,517,953	14,833,004	13,360,122
Capital grants and contributions			15,000,000					
<b>Total business-type activities program revenue</b>	<b>89,875,963</b>	<b>94,294,811</b>	<b>113,214,821</b>	<b>113,831,980</b>	<b>112,860,161</b>	<b>116,532,979</b>	<b>118,685,787</b>	<b>131,990,244</b>
<b>Total primary government program revenue</b>	<b>\$ 138,587,636</b>	<b>\$ 150,123,262</b>	<b>\$ 179,439,220</b>	<b>\$ 186,580,520</b>	<b>\$ 206,249,656</b>	<b>\$ 215,320,195</b>	<b>\$ 218,955,908</b>	<b>\$ 215,466,752</b>
<b>Net (Expense)/Revenue</b>								
Governmental activities	\$ (131,553,269)	\$ (125,869,575)	\$ (137,023,193)	\$ (157,338,306)	\$ (132,062,837)	\$ (170,392,357)	\$ (163,632,221)	\$ (186,061,094)
Business-type activities	9,543,894	9,650,340	25,863,975	19,765,762	8,261,907	8,651,696	7,893,187	23,671,596
<b>Total primary government net expense</b>	<b>\$ (122,009,375)</b>	<b>\$ (116,219,235)</b>	<b>\$ (111,159,218)</b>	<b>\$ (137,572,544)</b>	<b>\$ (123,800,930)</b>	<b>\$ (161,740,661)</b>	<b>\$ (155,739,034)</b>	<b>\$ (162,389,498)</b>
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes								
Property taxes	\$ 63,314,474	\$ 71,191,120	\$ 79,064,889	\$ 89,653,321	\$ 120,679,428	\$ 145,594,729	\$ 131,585,285	\$ 133,505,827
Resort taxes	21,021,618	24,002,336	27,406,669	32,112,039	34,265,010	36,595,885	38,100,260	37,412,291
Tax increment	20,731,456	23,705,214	31,351,525	29,814,708	24,934,704	34,521,406	48,964,692	47,655,082
Utility taxes	13,348,286	12,481,722	12,436,407	12,785,676	12,998,955	13,098,395	13,785,849	9,225,871
Communication service								7,196,266
Local business tax	3,216,121	3,259,541	3,663,374	3,598,803	9,258,301	3,662,796	3,341,802	3,684,320
Miscellaneous	8,919,382	9,965,739	107,920	224,200	169,664	118,640	1,304,665	894,995
Unrestricted investment earnings	5,300,943	3,399,593	4,649,415	8,163,573	13,696,366	22,674,807	14,715,094	10,899,704
Gain or (loss) on disposal of capital assets	(213,893)			(25,839,322)		257,928	220,559	28,837
Transfers	1,336,584	1,863,604	4,421,623	925,797	(654,166)	(3,310,095)	(252,411)	(3,420,189)
<b>Total governmental activities</b>	<b>136,974,971</b>	<b>149,868,869</b>	<b>163,101,822</b>	<b>151,438,795</b>	<b>215,348,262</b>	<b>253,214,491</b>	<b>251,765,795</b>	<b>247,083,004</b>
Business-type activities:								
Tax increment							2,357,697	2,405,168
Unrestricted investment earnings	5,581,455	6,536,766	6,344,916	6,895,744	6,403,497	9,930,008	5,871,523	2,941,879
Loss on disposal of capital assets	(6,871)					(12,949)		
Transfers	(1,336,584)	(1,863,604)	(4,421,623)	(925,797)	654,166	3,310,095	252,411	3,420,189
<b>Total business-type activities</b>	<b>4,238,000</b>	<b>4,673,162</b>	<b>1,923,293</b>	<b>5,969,947</b>	<b>7,057,663</b>	<b>13,227,154</b>	<b>8,481,631</b>	<b>8,767,236</b>
<b>Total primary government</b>	<b>\$ 141,212,971</b>	<b>\$ 154,542,031</b>	<b>\$ 165,025,115</b>	<b>\$ 157,408,742</b>	<b>\$ 222,405,925</b>	<b>\$ 266,441,645</b>	<b>\$ 260,247,426</b>	<b>\$ 255,850,240</b>
<b>Change in Net Assets</b>								
Governmental activities	\$ 5,421,702	\$ 23,999,294	\$ 26,078,629	\$ (5,899,511)	\$ 83,285,425	\$ 82,822,134	\$ 88,133,574	\$ 61,021,910
Business-type activities	13,781,894	14,323,502	27,787,268	25,735,709	15,319,570	21,878,850	16,374,818	32,438,832
<b>Total primary government</b>	<b>\$ 19,203,596</b>	<b>\$ 38,322,796</b>	<b>\$ 53,865,897</b>	<b>\$ 19,836,198</b>	<b>\$ 98,604,995</b>	<b>\$ 104,700,984</b>	<b>\$ 104,508,392</b>	<b>\$ 93,460,742</b>

Note - GASB 34 requires the preparation of a Statement of Activities. The City implemented GASB 34 for the fiscal year ended September 30, 2002, hence this statement is presented from 2002 forward and does not contain ten years of information.

**CITY OF MIAMI BEACH, FLORIDA  
FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 2,177,324	\$ 2,837,608	\$ 2,056,937	\$ 2,186,082	\$ 198,934	\$ 610,236	\$ 1,128,937	\$ 1,736,059	\$ 1,845,391	\$
Unreserved	24,508,329	25,092,399	26,869,846	26,982,549	29,457,359	34,647,776	36,688,832	42,406,855	44,645,724	
Nonspendable										164,646
Restricted										6,200,000
Committed										39,821,254
Assigned										4,499,003
Unassigned										4,385,813
Total general fund	<u>\$ 26,685,653</u>	<u>\$ 27,930,007</u>	<u>\$ 28,926,783</u>	<u>\$ 29,168,631</u>	<u>\$ 29,656,293</u>	<u>\$ 35,258,012</u>	<u>\$ 37,817,769</u>	<u>\$ 44,142,914</u>	<u>\$ 46,491,115</u>	<u>\$ 55,070,716</u>
All Other Governmental Funds										
Reserved	\$ 11,612,658	\$ 13,014,935	\$ 31,225,271	\$ 33,769,368	\$ 37,170,427	\$ 30,916,933	\$ 32,287,596	\$ 59,563,178	\$ 55,922,849	\$
Unreserved, reported in:										
Special revenue funds	26,421,292	37,550,511	34,138,001	44,483,861	49,884,099	103,530,139	79,958,508	76,668,102	61,423,282	
Capital projects fund	69,432,948	77,937,850	49,012,669	92,031,329	81,069,050	76,768,194	138,518,580	143,690,512	170,639,551	
Nonspendable										4,490
Restricted										219,624,064
Committed										50,557,449
Assigned										49,918
Total all other governmental funds	<u>\$ 107,466,898</u>	<u>\$ 128,503,296</u>	<u>\$ 114,375,941</u>	<u>\$ 170,284,558</u>	<u>\$ 168,123,576</u>	<u>\$ 211,215,266</u>	<u>\$ 250,764,684</u>	<u>\$ 279,921,792</u>	<u>\$ 287,985,682</u>	<u>\$ 270,235,921</u>

Note - The City implemented GASB 54 for the fiscal year ended September 30, 2009.

**CITY OF MIAMI BEACH, FLORIDA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,**  
**LAST TEN FISCAL YEARS**  
*(modified accrual basis of accounting)*

	Fiscal Year Ended September 30,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>										
Taxes	\$ 111,936,040	\$ 121,361,896	\$ 130,306,537	\$ 148,424,948	\$ 156,600,667	\$ 168,843,857	\$ 197,067,924	\$ 239,203,139	\$ 240,892,131	\$ 240,019,580
Franchise fees	6,440,426	8,013,954	7,037,263	6,936,623	7,628,488	8,029,982	9,258,301	10,138,123	10,259,817	9,265,529
Permits	8,425,325	9,707,800	9,627,491	10,245,029	12,547,560	13,529,531	16,048,780	16,039,898	15,753,552	15,761,752
Intergovernmental	20,304,581	19,376,691	21,107,828	16,565,469	14,230,951	19,189,288	41,093,126	31,958,565	27,649,446	17,446,057
Charges for services	7,254,522	10,214,631	3,852,911	6,956,702	7,655,072	7,640,117	7,476,404	8,172,727	10,927,789	12,292,964
Rents & leases	1,272,651	1,395,175	2,111,845	3,960,075	5,544,185	2,948,474	3,190,274	3,985,054	4,380,278	4,909,518
Interest	8,987,845	10,228,765	4,898,871	3,148,635	4,478,882	7,979,609	13,272,632	21,775,230	13,935,715	10,207,446
Fines and forfeitures	1,556,047	1,745,578	3,172,906	2,701,470	2,255,900	2,883,403	2,677,439	1,937,689	3,236,217	2,627,410
Administrative fees	7,572,896	7,672,896	8,143,990	8,143,990	8,862,655	8,951,878	8,426,624	8,507,845	8,407,423	8,407,571
Impact fees	486,766	2,221,758	872,609	2,810,245	1,434,137	1,741,871	2,759,185	6,065,876	5,746,024	1,448,689
Other revenues	6,917,863	4,628,519	7,343,219	7,048,191	6,370,275	7,345,828	6,361,005	6,436,782	7,732,073	6,945,247
<b>Total revenues</b>	<b>181,154,962</b>	<b>196,587,663</b>	<b>198,475,470</b>	<b>216,941,377</b>	<b>227,608,772</b>	<b>249,083,838</b>	<b>307,631,694</b>	<b>354,220,928</b>	<b>348,920,465</b>	<b>329,331,763</b>
<b>Expenditures</b>										
General government	21,954,415	24,220,165	23,347,222	24,825,487	28,139,386	26,144,200	40,892,104	45,043,039	41,599,216	41,509,515
Public safety	67,191,160	73,861,795	80,517,633	89,038,942	97,018,702	108,222,980	119,027,153	130,158,943	145,980,228	147,543,192
Physical environment	1,804,023	2,102,658	1,947,904	2,502,004	1,905,956	2,529,500	2,936,530	2,420,347	1,650,073	2,156,520
Transportation	5,730,066	5,881,028	5,884,156	6,032,825	5,463,443	7,300,392	5,029,124	6,109,025	6,952,067	5,503,295
Economic environment	19,922,509	23,147,260	23,481,387	24,528,718	14,164,911	10,635,422	4,963,596	22,741,500	4,891,342	4,487,831
Human services	1,770,716	1,471,135	1,444,552	1,513,389	1,428,008	2,299,429	1,853,781	1,435,428	1,694,566	1,573,533
Culture and recreation	20,547,893	22,085,980	24,816,696	27,410,140	30,309,135	31,845,348	37,984,917	36,137,323	37,279,978	38,647,808
Capital Outlay	8,420,864	7,949,884	25,237,295	21,982,379	21,825,113	22,776,313	24,312,333	39,871,622	72,996,719	72,042,408
Debt service										
Principal	13,070,000	45,259,400	12,750,863	15,050,118	13,135,827	13,832,993	13,883,995	12,342,289	12,381,548	12,623,520
Interest	15,627,593	16,143,147	16,315,401	15,916,328	17,468,552	20,036,401	12,314,686	13,371,990	12,314,392	11,734,519
<b>Total expenditures</b>	<b>176,039,239</b>	<b>222,122,452</b>	<b>215,743,109</b>	<b>228,800,330</b>	<b>230,859,033</b>	<b>245,622,978</b>	<b>263,198,219</b>	<b>309,631,506</b>	<b>337,740,129</b>	<b>337,822,141</b>
Excess of revenue over (under) expenditures	5,115,723	(25,554,789)	(17,267,639)	(11,858,953)	(3,250,261)	3,460,860	44,433,475	44,589,422	11,180,336	(8,490,378)
<b>Other Financing Sources (Uses)</b>										
Refunding Bond Issued						135,726,047				
Payment to refunding bond escrow agent						(137,712,609)				
Transfer to escrow agent								(3,060,000)		
Proceeds of debt issuance	30,000,000	47,240,342		62,465,000						
Proceeds from loan				1,042,000		2,957,930				
Sale of assets			448,005			1,844,513	34,183	24,592	12,127	5,421
Proceeds from sale of land and building						39,898,102				
Transfers in	36,161,780	71,749,238	44,804,824	60,360,472	58,686,788	66,683,853	142,081,583	120,015,032	97,778,854	80,562,562
Transfers out	(35,147,883)	(70,014,879)	(43,398,768)	(55,858,054)	(57,109,847)	(64,165,287)	(144,440,066)	(126,086,793)	(98,559,226)	(81,247,765)
<b>Total other financing sources (uses)</b>	<b>31,013,897</b>	<b>48,974,701</b>	<b>1,854,061</b>	<b>68,009,418</b>	<b>1,576,941</b>	<b>45,232,549</b>	<b>(2,324,300)</b>	<b>(9,107,169)</b>	<b>(768,245)</b>	<b>(679,782)</b>
<b>Net change in fund balances</b>	<b>\$ 36,129,620</b>	<b>\$ 23,419,912</b>	<b>\$ (15,413,578)</b>	<b>\$ 56,150,465</b>	<b>\$ (1,673,320)</b>	<b>\$ 48,693,409</b>	<b>\$ 42,109,175</b>	<b>\$ 35,482,253</b>	<b>\$ 10,412,091</b>	<b>\$ (9,170,160)</b>
Debt service as a percentage of noncapital expenditures	20.66%	40.19%	18.00%	17.61%	17.15%	17.92%	12.32%	10.54%	10.29%	10.09%

**CITY OF MIAMI BEACH, FLORIDA**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,**  
**LAST TEN FISCAL YEARS**  
*(in thousands of dollars)*

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2000 <sup>A</sup>	\$	\$	\$	\$	\$	\$	8.698
2001 <sup>A</sup>							8.555
2002 <sup>A</sup>							8.376
2003 <sup>A</sup>							8.322
2004	12,131,669	2,366,866	214,344	1,562,860	1,405,322	14,870,417	8.173
2005	13,757,424	3,266,081	44,880	1,612,480	1,327,774	17,353,091	8.173
2006	17,465,682	4,337,034	51,091	2,508,681	1,764,463	22,598,025	8.073
2007	21,045,428	4,779,204	52,250	2,767,838	2,000,993	26,643,727	7.673
2008	21,027,850	5,290,322	51,426	2,795,713	2,008,285	27,157,026	5.897
2009	18,911,637	5,265,399	51,025	2,528,317	1,703,041	25,053,337	5.8925

**Source:** City of Miami Beach Economic Development Division & Florida Statistical Abstract.

**Note:** Property in the city is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

<sup>A:</sup> Data not available in individual property categories for this year.

**CITY OF MIAMI BEACH, FLORIDA**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES,**  
**LAST TEN FISCAL YEARS**  
*(rate per \$1,000 of assessed value)*

Fiscal Year Ended September 30,	City of Miami Beach Direct Rates			Overlapping Rates <sup>A</sup>			Total
	Operating Millage	Debt Service Millage	Total Direct Millage	School District Millage	County Millage	State Millage	
2000	7.499	1.199	8.698	9.644	6.946	0.741	26.029
2001	7.399	1.156	8.555	9.617	6.754	0.738	25.664
2002	7.299	1.077	8.376	9.376	6.716	0.736	25.204
2003	7.299	1.023	8.322	9.252	6.765	0.736	25.075
2004	7.299	0.874	8.173	9.100	7.240	0.736	25.249
2005	7.425	0.748	8.173	8.687	7.150	0.736	24.746
2006	7.481	0.592	8.073	8.438	7.035	0.736	24.281
2007	7.374	0.299	7.673	8.105	6.808	0.736	23.322
2008	5.656	0.241	5.897	7.948	5.671	0.659	20.175
2009	5.656	0.237	5.893	7.797	5.926	0.659	20.275

**Source:** Miami-Dade County, Florida; Department of Property Appraisal  
2009 Millage Table

**Note:** The city's basic property tax rate may be increased only by a majority vote of the city's residents. Rates for debt service are set based on each year's requirement.

<sup>A:</sup> Overlapping rates are those of local and county governments that apply to owners within the City of Miami Beach. Not all overlapping rates apply to all Miami Beach property owners.

**CITY OF MIAMI BEACH, FLORIDA  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND TEN YEARS AGO**

2009			1999		
Taxpayer	Taxable Assessed Value	Percentage of The City's Certified Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of The City's Certified Taxable Assessed Value
MB Redev. Inc./Loews Hotel	\$ 280,000,000	1.04 %	Hotelerama Assoc., Ltd.	\$ 88,051,861	1.26 %
MCZ/ Centrum Flamingo III LLC	172,183,094	0.64	Morton Towers Apts. LP	44,750,000	0.64
Fountainbleau Florida Hotel LLC	148,189,442	0.55	Gumenick Family Inv. No. 1 Ltd.	37,273,000	0.54
Di Lido Beach Hotel Corp.	130,000,000	0.48	South Beach Ocean Parcel Ltd.	36,610,430	0.53
MCZ/ Centrum Flamingo II LLC	93,000,000	0.35	Roney Plaza Associates Ltd	36,400,000	0.52
Philips South Beach LLC	83,435,043	0.31	IHC/Miami Beach Corp	31,973,391	0.46
Sandy Lane Residential LLC	79,519,415	0.30	Eden Roc Acquisition LP	29,500,000	0.42
Royal Palm Hotel Prop LLC	79,385,373	0.30	National Omni Associates LP	26,350,000	0.38
City National Bank of Florida	78,252,750	0.29	Tri-County Comm Hospital, Inc.	25,800,000	0.37
2201 Collins Fee LLC	68,727,288	0.26	Menada, Inc	24,000,000	0.34
	<u>\$ 1,212,692,405</u>	<u>4.52 %</u>		<u>\$ 380,708,682</u>	<u>5.46 %</u>

**Source:** 2009 and 1999 Miami-Dade County, Florida Ad Valorem Assessment Roll for the City of Miami Beach.

**CITY OF MIAMI BEACH, FLORIDA  
PROPERTY TAX LEVIES AND COLLECTIONS,  
FISCAL YEARS 1999 THRU 2008**

Tax Year (1)	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 63,294,354	\$ 64,235,654	(2) 101.5 %	N/A	\$ 64,462,487	101.8 %
2000	67,851,578	68,603,879	(2) 101.1	N/A	71,635,745	105.6
2001	74,551,384	75,205,177	(2) 100.9	N/A	80,330,981	107.8
2002	83,590,412	80,460,485	96.3	2,095,612	82,556,097	98.8
2003	93,492,337	90,447,232	96.7	1,790,839	92,238,071	98.7
2004	109,298,076	107,543,916	98.4	2,781,984	110,325,900	100.9
2005	133,573,759	131,074,911	98.1	1,015,697	132,090,608	98.9
2006	164,807,822	161,325,469	97.9	4,050,893	165,376,362	100.3
2007	146,418,406	146,076,252	99.8	5,047,342	151,123,594	103.2
2008	144,907,833	139,669,839	96.4		139,669,839	96.4

Source: City of Miami Beach Certification of Taxable Value.

- (1) Assessments as of January 1 of the year listed; bills mailed in October of that year; taxes become delinquent at the end of April of the subsequent year.
- (2) Breakdown between current and delinquent collections not available. Collections represent total of current and delinquent collections received during the year.

N/A - Information not available

**CITY OF MIAMI BEACH**  
**RATIOS OF OUTSTANDING DEBT BY TYPE,**  
**LAST TEN FISCAL YEARS**  
*(in thousands of dollars)*

Governmental Activities										
Fiscal Year	General Obligation Bonds	Resort Tax Revenue Bonds <sup>F</sup>	Gulf Breeze Government Loan Program	Sunshine State Loan Program	Pension Obligation Bonds	Redevelopment Agency Tax Increment Revenue Bonds	Loans Payable <sup>A</sup>	Other Obligations	Total Governmental Activities	
2000	\$ 57,535	\$ 3,775	\$ 17,915	\$ 22,970	\$ 50,085	\$ 136,525	\$	\$ 3,611	\$ 292,416	
2001	50,985	3,685	47,145	6,678	48,485	103,510		3,281	263,769	
2002	43,810	3,590	39,002	6,265	46,765	100,830	1,125	3,317	244,704	
2003	98,990	3,495	37,196	5,835	44,905	97,960	940	3,655	292,976	
2004	93,475	3,395	35,316	5,390	43,525	94,890	11,629	2,909	290,529	
2005	87,500	3,290	33,357	4,930	53,030	97,300	12,295	4,089	295,791	
2006	81,440	3,180	31,320	4,455	50,650	95,300	12,905	3,266	282,516	
2007	78,620		29,185	3,965	48,175	91,645	10,617	2,619	264,826	
2008	76,085		30,417	3,455	45,590	87,785	11,559	1,951	256,842	
2009	73,580		24,650	2,930	42,885	83,740	10,528	1,260	239,573	
Business-type activities							Total			

Fiscal Year	Storm Water Revenue Bonds <sup>c</sup>	Water and Sewer Revenue Bonds	Parking Revenue Bonds/Loan	Loan Payable <sup>A</sup>	Capital Leases <sup>D</sup>	Total Business Activities	Total Primary Government	Percentage of Personal Income	Per Capita
2000	\$	\$ 103,425	\$ 28,585	\$	\$ 2,357	\$ 134,367	\$ 426,783	B	\$ 4.54
2001	52,170	101,160	27,820		1,866	183,016	446,785	B	5.08
2002	50,712	97,455	34,396	883	1,320	184,766	429,470	18.44 %	4.87
2003	49,864	95,055	33,166	751	795	179,631	472,607	19.57 %	5.31
2004	48,976	95,531	31,879	622	240	177,248	467,777	18.46 %	5.15
2005	48,049	89,876	30,537	561		169,023	464,814	17.03 %	5.08
2006	47,076	113,839 <sup>E</sup>	29,132	495		190,542	473,058	15.79 %	5.06
2007	46,130	110,610	27,769	345		184,854	449,680	14.48 %	4.88
2008	45,075	107,154	26,241	1,035		179,505	436,347	12.90 %	4.66
2009	43,970	103,439	24,639	1,133		173,181	412,754	B	4.39

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

**Note:** Business-type activities outstanding debt is presented net of discount/premium.

A Loan began in fiscal year 2002

B Data not available

C Bond was issued in fiscal year 2000

D Lease started in fiscal year 2000 and ended in fiscal year 2004

E New debt issued during fiscal year 2006

F Outstanding bond principal in the amount of \$3,060,000 was defeased during fiscal year 2007

**CITY OF MIAMI BEACH**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING,**  
**LAST TEN FISCAL YEARS**  
*(in thousands of dollars)*

Fiscal Year	General Obligation Bonds	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property <sup>A</sup>	Per Capita
2000	\$ 57,535	\$ 7,540,814	0.76 %	\$ 0.61
2001	50,985	8,218,880	0.62	0.58
2002	43,810	9,223,414	0.47	0.50
2003	98,990	10,408,818	0.95	1.11
2004	93,475	11,854,062	0.79	1.03
2005	87,500	13,858,100	0.63	0.96
2006	81,440	17,231,010	0.47	0.87
2007	78,620	22,257,958	0.35	0.85
2008	76,085	26,136,109	0.29	0.81
2009	73,580	25,884,024	0.28	0.78

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements. Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value.

<sup>A</sup>: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value.

**CITY OF MIAMI BEACH, FLORIDA**  
**LEGAL DEBT MARGIN INFORMATION,**  
**LAST TEN FISCAL YEARS**

	Fiscal Year				
	2000	2001	2002	2003	2004
Debt limit	\$ 1,131,122,196	\$ 1,232,832,050	\$ 1,383,512,145	\$ 1,561,322,746	\$ 1,778,109,377
Total net debt applicable to limit	<u>757,807</u>	<u>1,256,416</u>	<u>30,975,211</u>	<u>87,161,948</u>	<u>82,062,643</u>
Legal Debt margin	<u>\$ 1,130,364,389</u>	<u>\$ 1,231,575,634</u>	<u>\$ 1,352,536,934</u>	<u>\$ 1,474,160,798</u>	<u>\$ 1,696,046,734</u>
Total net debt applicable to the limit as a percentage of debt limit	0.07%	0.10%	2.24%	5.58%	4.62%

	Fiscal Year				
	2005	2006	2007	2008	2009
Debt limit	\$ 2,078,715,000	\$ 2,584,651,615	\$ 3,338,693,748	\$ 3,920,416,339	\$ 3,882,603,724
Total net debt applicable to limit	<u>86,269,623</u>	<u>80,348,515</u>	<u>77,595,559</u>	<u>75,105,405</u>	<u>72,702,497</u>
Legal Debt margin	<u>\$ 1,992,445,377</u>	<u>\$ 2,504,303,100</u>	<u>\$ 3,261,098,189</u>	<u>\$ 3,845,310,934</u>	<u>\$ 3,809,901,227</u>
Total net debt applicable to the limit as a percentage of debt limit	4.15%	3.11%	2.32%	1.92%	1.87%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 25,884,024,829
Debt limit (15% of assessed value)	3,882,603,724
Debt applicable to limit:	
General obligation bonds	73,580,000
Less: Amount set aside for repayment of general obligation debt	<u>877,503</u>
Total net debt applicable to limit	<u>72,702,497</u>
Legal debt margin	<u>\$ 3,809,901,227</u>

**CITY OF MIAMI BEACH, FLORIDA  
REVENUE BOND COVERAGE,  
LAST TEN FISCAL YEARS**

Fiscal Year	Revenue	Less: Operating Expenses	Net available Revenue	Debt Service		Coverage
				Principal	Interest	
<b>Parking Revenue Bonds</b>						
2000	\$ 17,945,290	\$ 7,727,607	\$ 10,217,683	\$ 735,000	\$ 1,442,026	4.69 %
2001	22,208,213	7,660,378	14,547,835	765,000	1,412,526	6.68
2002	22,848,169	9,793,404	13,054,765	800,000	1,380,962	5.99
2003	23,342,582	11,161,339	12,181,243	1,268,988	1,681,861	4.13
2004	24,572,613	11,453,816	13,118,797	1,325,314	1,645,286	4.42
2005	29,449,732	14,191,842	15,257,890	1,380,268	1,586,530	5.14
2006	26,059,130	15,441,789	10,617,341	1,443,400	1,524,259	3.58
2007	31,570,712	17,740,936	13,829,776	1,510,176	1,458,821	4.66
2008	31,416,685	19,612,035	11,804,650	1,576,944	1,390,054	3.98
2009	33,478,489	19,908,198	13,570,291	1,648,712	1,318,222	4.57

Note: Revenue includes operating revenues and nonoperating interest income. Operating expenses does not include interest, depreciation, amortization or administrative fees.

<b>Water &amp; Sewer Revenue Bonds</b>						
2000	\$ 44,431,818	\$ 32,447,646	\$ 11,984,172	\$ 2,165,000	\$ 2,667,906	2.48 %
2001	48,275,631	31,758,568	16,517,063	2,265,000	5,652,704	2.09
2002	47,321,117	33,537,736	13,783,381	2,370,000	5,416,700	1.77
2003	47,969,148	32,658,124	15,311,024	2,480,000	5,304,122	1.97
2004	48,726,532	32,783,429	15,943,103	2,605,000	5,183,223	2.05
2005	54,104,716	35,626,830	18,477,886	2,735,000	5,052,972	2.37
2006	50,313,742	35,398,721	14,915,021	A	4,148,258	3.60
2007	51,181,355	36,816,705	14,364,650	3,285,000	5,466,855	1.64
2008	54,366,038	37,618,570	16,747,468	3,480,000	5,331,556	1.90
2009	64,360,255	38,982,808	25,377,447	3,740,000	5,187,155	2.84

A - Bonds were refunded during fiscal year 2006, a principal payment was not paid because of such.

Note: Revenue includes operating revenues and nonoperating interest income. Operating expenses does not include interest, depreciation, amortization or administrative fees.

<b>Stormwater Revenue Bonds</b>						
2002	\$ 7,741,767	\$ 1,299,834	\$ 6,441,933	\$ 835,000	\$ 2,736,421	1.80 %
2003	10,471,043	1,329,855	9,141,188	870,000	2,698,846	2.56
2004	10,750,958	1,794,927	8,956,031	910,000	2,659,696	2.51
2005	10,966,650	2,251,214	8,715,436	950,000	2,618,747	2.44
2006	9,583,080	1,967,624	7,615,456	995,000	2,575,997	2.13
2007	10,248,168	2,457,949	7,790,219	1,040,000	2,531,221	2.18
2008	8,493,071	3,189,531	5,303,540	1,085,000	2,484,422	1.49
2009	10,129,595	2,875,115	7,254,480	1,135,000	2,434,511	2.03

Note: Stormwater bonds were issued during fiscal year 2001.

Note: Revenue includes operating revenues and nonoperating interest income. Operating expenses does not include interest, depreciation, amortization or administrative fees.

<b>Redevelopment Agency Tax Increment Revenue Bonds</b>						
2000	\$ 29,682,812	\$ 500,000	\$ 29,182,812	\$ 1,825,000	\$ 7,249,124	3.22 %
2001	32,505,683	500,000	32,005,683	1,940,000	7,136,216	3.53
2002	31,945,482	500,000	31,445,482	2,065,000	7,014,235	3.46
2003	36,861,453	500,000	36,361,453	2,195,000	6,882,689	4.01
2004	42,920,951	500,000	42,420,951	2,335,000	6,741,490	4.67
2005	48,671,776	500,000	48,171,776	2,485,000	6,590,163	5.31
2006	58,902,508	500,000	58,402,508	2,000,000	3,686,227	10.27
2007	67,755,835	500,000	67,255,835	3,655,000	4,704,013	8.05
2008	70,596,698	500,000	70,096,698	3,860,000	4,515,554	8.37
2009	71,358,394	500,000	70,858,394	4,045,000	4,329,697	8.46

Note: Revenue includes tax increment and resort tax pledged revenues of \$37,412,291 in fiscal year 2009. Operating expenditure is limited to \$500,000.

**CITY OF MIAMI BEACH, FLORIDA  
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
SEPTEMBER 30, 2009**

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<b>DIRECT DEBT</b>		
General obligation indebtedness		
Public improvement bonds (net of amount available)		\$ 72,702,497
Non-self-supporting indebtedness: (1)		
Gulf Breeze Government Loan Program	24,650,764	
Sunshine State Loan Program	2,930,000	
Pension Obligation Bonds	42,885,000	
Tax Increment Revenue Bonds	83,740,000	
	<u>154,205,764</u>	
Less: Reserve funds	7,075,334	
Total non-self-supporting indebtedness		<u>147,130,430</u>
Total direct indebtedness		<u>219,832,927</u>
<b>OVERLAPPING DEBT (2)</b>		
Miami-Dade County		
Total general obligation indebtedness	843,961,000	
Percent applicable to City - 10.7801% (3)		90,979,840
Total school district obligation indebtedness	405,070,000	
Percent applicable to City - 10.7801% (3)		43,666,951
Total net non-self-supporting indebtedness	2,207,501,800	
Percent applicable to City - 10.7801% (3)		<u>237,970,902</u>
Total overlapping debt		<u>372,617,693</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>		<b>\$ <u>592,450,620</u></b>

- (1) Excludes self-supporting debt obligations.  
(2) All debt listed as Overlapping Debt is secured either solely from a tax source or from a combination of self-supporting revenues and a tax source.  
(3) Based upon 2009 assessed valuation figures for the City and Dade County.

**CITY OF MIAMI BEACH  
DEMOGRAPHIC AND ECONOMIC STATISTICS,  
LAST TEN CALENDAR YEARS**

Miami-Dade County

Year	Miami Beach Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Auto Tags	Bank Deposits (Thousands)	Public School Enrollment	Unemployment Rate
1999	94,012	\$	<sup>A</sup> \$ 24,050	2,392,339	\$ 39,633	343,653	5.8 %
2000	87,933		<sup>A</sup> 25,626	2,420,074	40,543	350,920	5.3
2001	88,158	60,402	26,414	2,533,220	45,064	359,313	6.9
2002	88,972	62,665	27,147	1,916,980	51,297	366,287	7.7
2003	90,846	64,631	27,891	2,008,064	56,264	365,829	7.8
2004	91,540	68,583	29,817	2,094,012	62,368	422,401	4.7
2005	93,535	75,464	32,025	2,094,012	70,222	427,449	3.7
2006	92,145	80,112	33,712	2,183,782	73,205	428,229	3.3
2007	93,721	85,978	36,081	2,187,394	74,987	431,184	3.1
2008	94,040		<sup>A</sup>	<sup>A</sup> 2,160,963		<sup>A</sup> 429,531	5.8

**Source:** Florida Statistical Abstract, 2009

<sup>A</sup> Data not available

**MIAMI-DADE COUNTY  
PRINCIPAL EMPLOYERS - MIAMI-DADE COUNTY  
CURRENT YEAR AND TEN YEARS AGO**

Ten Largest Public Employers					
<u>Employer</u>	2009			1999	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>
Miami-Dade County Public Schools	38,819	1	3.40 %	34,310	1
Miami-Dade County	29,000	2	2.54	28,000	2
Federal Government	19,900	3	1.74	18,700	3
Florida State Government	16,100	4	1.41	18,400	4
Jackson Health System	12,468	5	1.09	8,209	5
Florida International University	8,000	6	0.70	2,465	7
Miami-Dade College	5,798	7	0.51	2,210	9
City of Miami	4,400	8	0.39	3,400	6
VA Medical Center	2,385	9	0.21	2,400	8
Homestead Air Force Base	2,056	10	0.18		
City of Miami Beach				1,800	10

Ten Largest Private Employers					
<u>Employer</u>	2009			1999	
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>
University of Miami	12,000	1	1.05 %	7,517	2
Baptist Health South Florida	12,000	2	1.05	5,285	3
Publix Super Markets	11,625	3	1.02	3,653	7
American Airlines	9,000	4	0.79	9,304	1
University of Miami Health	7,025	5	0.61		
United Parcel Service	4,982	6	0.44		
Bellsouth/AT&T	4,100	7	0.36	3,792	5
Florida Power & Light Company	3,840	8	0.34	3,745	6
Winn Dixie Stores	3,500	9	0.31	2,672	10
Carnival Cruise Lines	3,500	10	0.31		
Precision Response Corporation				5,000	4
Kmart				3,000	8
Mount Sinai Health Center				3,000	9

**Source:** Employer and employees information provided by the Beacon Council. Percentage of total County employment was calculated based on total County employment of 1,142,665 as presented in the 2009 Florida Statistical Abstract.

**CITY OF MIAMI BEACH, FLORIDA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST EIGHT FISCAL YEARS**

Function/Program	Full-time Equivalent Employees as of September 30							
	2002	2003	2004	2005	2006	2007	2008	2009
General government:								
Mayor and commission	21	20	20	20	20	20	19	19
City manager	14	14	13	13	13	13	11	11
Office of communications	2	2	2	2	8	9	8	6
Budget and performance improvement	19	18	18	20	20	21	19	19
Finance	43	43	43	43	45	46	39	36
Information technology	37	37	40	41	44	46	43	39
Human resources	19	18	16	17	17	18	16	17
Labor relations <sup>C</sup>		2	2	2	2	3	3	
Risk Management	7	6	6	6	6	6	6	6
City clerk	20	20	19	19	17	17	16	16
Procurement	10	10	9	9	9	10	10	9
City attorney	24	24	22	22	22	22	22	20
Economic Development and Cultural Arts:								
Economic development	9	9	8	8	7	7	6	5
Building <sup>A</sup>	56	56	63	63	71	79	79	79
Planning	26	26	26	26	28	29	29	26
Tourism & cultural development	11	11	12	13	14	13	12	11
Bass museum	10	9	8	8	8	8	8	8
Operations:								
Neighborhood services	65	68	63	63	65	67	60	56
Parks & recreation <sup>B</sup>	220	231	186	187	195	205	198	195
Public works	35	32	35	37	34	33	39	47
Sanitation	109	123	103	114	148	179	177	187
Property management	73	66	65	66	71	71	69	66
Capital improvement projects	24	24	24	27	31	31	31	32
Parking	107	109	106	108	111	116	120	118
Sewer	43	43	40	41	42	42	41	38
Stormwater	19	22	23	23	25	25	26	25
Water	72	72	71	69	69	69	63	59
Fleet management	28	28	25	24	24	24	23	21
Public safety:								
Police - Officers	381	366	382	385	386	403	396	381
Police - Civilians	165	155	146	153	164	166	148	149
Fire - Officers	201	205	205	207	208	207	206	203
Fire - Civilians	17	18	18	17	23	21	23	27
Ocean rescue <sup>B</sup>			77	68	68	76	76	76
<b>Total</b>	<b>1,887</b>	<b>1,887</b>	<b>1,896</b>	<b>1,919</b>	<b>2,013</b>	<b>2,102</b>	<b>2,042</b>	<b>2,007</b>

Source: City of Miami Beach Budget Department

Note: Data is not available in this format for years prior to 2002

<sup>A</sup>The City added additional positions in the building department in 2004 to address the increased volume of permit requests and provide better customer service.

<sup>B</sup>Beach patrol was transferred from the Parks & Recreation department to become the Ocean Rescue Division of the Fire department in 2004.

<sup>C</sup>Labor Relations was transferred to Human Resources in 2009.

**CITY OF MIAMI BEACH, FLORIDA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST EIGHT FISCAL YEARS**

Function/Program	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>General government:</b>								
Mayor and commission								
Ordinances approved	52	55	35	40	36	43	46	39
Resolutions approved	660	328	268	268	322	296	251	308
City manager								
Responses to resident inquiries/complaints	654	680	650	650	612	692	540	575
Better Place Requests Open and Closed	N/A	N/A	10	12	23	21	15	N/A
Budget and performance improvement								
Audits performed	393	367	317	258	254	266	242	272
Grants awarded	\$ 6,109,633	\$ 2,529,270	\$ 1,800,000	\$ 1,186,464	\$ 3,410,086	\$ 2,065,480	\$ 2,483,516	\$ 6,934,165
Finance								
Utility customer accounts	10,750	10,000	10,500	10,500	10,500	10,059	10,043	10,044
Licenses issued	6,400	6,500	6,600	6,500	7,330	8,000	7,541	N/A
Lien statements	3,454	3,300	3,150	3,400	3,850	3,942	2,415	2,658
Annual resort tax accounts	1,265	1,300	1,352	1,375	1,127	1,119	1,054	1,066
Better Place Requests Open and Closed	N/A	N/A	69	75	93	116	68	N/A
Human resources								
Employees	1,827	1,834	1,845	1,900	1,879	1,870	1,926	1,902
Hires	260	260	364	328	363	314	195	188
Building								
Building and trade permits processed/issued	15,989	20,128	19,093	17,940	18,348	13,943	11,904	11,361
Certificates	727	788	726	780	622	736	337	383
Tourism & cultural development								
Film & print and special events permits	1,640	1,566	1,700	1,583	1,280	1,563	1,232	1,150
Bass Museum Visitors	19,000	22,000	50,000	36,749	19,211	25,210	30,071	30,000
Convention Center/Theater Events	305	299	240	518	661	859	613	650
<b>Operations:</b>								
Parking								
Residential Parking Permits	N/A	24,377	25,471	26,161	26,837	26,437	28,131	N/A
Miami Beach Parking Cards	N/A	31,278	35,610	26,581	19,942	15,077	3,662	N/A
Total Vehicle Entries - Garages	N/A	N/A	2,474,296	2,729,258	N/A	2,711,193	2,363,600	N/A
Better Place Requests Open and Closed	N/A	N/A	245	284	260	435	218	N/A
Parks & recreation								
Summer Camp	2,340	2,819	2,114	2,241	2,515	2,587	2,317	2,758
After and Play School Participants	2,558	3,371	2,650	2,410	2,400	882	2,810	2,680
Athletics	1,051	1,018	940	1,020	1,253	1,442	2,835	2,656
Pool Attendance	28,000	65,437	66,000	79,135	119,800	161,176	145,337	141,524
Golf course patrons <sup>4</sup>	N/A	30,655	37,152	42,923	44,252	44,078	42,850	66,358
Public Works-Engineering/Water/Sewer/Streets								
Right-of-Way permits issued	794	890	1,100	900	N/A	1,092	899	935
Cleaning and inspection of sewer lines	733,300	710,000	100,000	800,000	1,217,202	1,182,000	703,294	778,937
Storm sewers cleaned	137,000	140,000	140,000	140,000	233,000	88,000	59,000	78,279
New-metered service taps and installations	650	700	600	550	196	113	400	207
Roads and alleys repaved (linear feet)	3,232	16,000	8,000	12,000	7,000	11,100	36,000	N/A
Sidewalk relpaved (square feet)	37,000	30,000	40,000	30,000	38,000	63,000	44,000	46,889
Better Place Requests Open and Closed	N/A	N/A	3,049	2,626	1,854	1,787	2,732	N/A
Sanitation								
Residential Waste (tons per month)	N/A	18,500	19,650	15,970	15,708	15,500	14,882	N/A
Litter Cans	N/A	1,316	2,000	2,050	2,095	2,335	2,335	N/A
Mechanized Sweeping (miles per day)	N/A	4	11	15	15	15	15	N/A
Mobile Sweeping (miles per day)	N/A	156	156	156	156	156	156	N/A
Fleet Management								
Fuel consumed - diesel and unleaded (gallons)	751,000	802,306	810,000	825,000	777,827	820,913	866,571	890,529
Preventive maintenance jobs	2,361	2,642	2,868	2,876	2,699	2,932	2,911	3,160
Police								
Total number of arrests	8,697	9,684	10,290	10,185	12,887	14,954	13,804	13,338
Traffic Violations	25,316	25,742	44,174	45,524	58,615	52,976	49,389	44,521
Better Place Requests Open and Closed	N/A	N/A	50	67	143	96	67	N/A
Fire								
Emergency responses	14,730	13,406	13,000	14,700	13,532	16,794	22,640	25,015
Existing building inspections	N/A	N/A	N/A	N/A	N/A	N/A	2,292	978
Night club inspections	N/A	N/A	N/A	N/A	N/A	N/A	3,184	2769
Site inspections	N/A	N/A	N/A	N/A	N/A	N/A	4,932	4953
On duty inspections	N/A	N/A	N/A	N/A	N/A	N/A	1,984	1856
Ocean rescue - victims rescued	518	895	900	281	313	680	506	579
Better Place Requests Open and Closed	N/A	N/A	144	189	182	149	137	N/A

N/A - Information not available

Source: Various City of Miami Beach departments, Environmental Scan (dated 5/1/2009), Departmental Workplans

Note: Data is not available in this format for years prior to 2002

<sup>4</sup> The City opened a second golf course which was operational for 9 months during the 2009 fiscal

**CITY OF MIAMI BEACH, FLORIDA  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST EIGHT FISCAL YEARS**

Function/Program	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Police</b>								
Stations	1	1	1	1	1	1	1	1
Zone offices	3	3	4	4	4	4	4	4
Patrol units	340	415	440	440	440	440	440	440
<b>Fire stations</b>	4	4	4	4	4	4	4	4
<b>Water</b>								
Water mains (miles)	180	180	180	180	180	180	180	180
Water valves	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Fire hydrants	1,003	1,003	1,006	1,006	1,009	1,009	1,009	1,009
Fire lines	700	708	710	712	717	717	717	717
Meters	12,557	12,300	12,350	12,424	12,460	12,460	12,460	12,460
Water pumping stations	5	5	5	5	5	5	5	5
Storage capacity (thousands of gallons)	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
<b>Stormwater</b>								
Stormwater pipes (miles)	59	59	59	59	59	59	59	59
Drainage basins	172	172	172	172	172	172	172	172
Stormwater catch basins	6,000	6,000	6,000	6,000	5,000	6,000	6,000	6,000
Manholes	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
<b>Sewer</b>								
Sanitary gravity sewer pipes (miles)	144	144	144	144	152	152	152	152
Force main pipes (miles)	21	21	21	21	21	21	21	21
Manholes	2,750	2,750	2,750	2,750	2,750	2,750	2,750	2,750
Wastewater pump stations	23	23	23	23	23	23	23	23
<b>Other public works</b>								
Streets (miles)	140	140	140	140	140	140	140	140
Sidewalks (miles)	242	242	242	242	242	242	242	242
Curb and gutter (miles)	200	200	200	200	200	200	200	200
Alleys (miles)	33	33	33	33	33	33	33	33
Seawalls (linear feet)	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300
Streetlights	5,800	5,810	5,817	5,850	5,900	6,000	6,200	6,200
Street lights cable (miles)	250	251	252	260	265	265	265	265
<b>Parking</b>								
Parking Lots & Garages	66	66	68	68	68	68	68	70
Parking Spaces	8,451	8,451	8,496	8,496	8,333	8,300	8,404	8,900
<b>Parks and recreation</b>								
Recreational open space (acres)	727	727	727	727	727	727	727	727
Playground tot-lots	14	14	14	14	14	15	15	19
Stadiums	2	2	2	2	2	2	2	2
Sports fields	7	7	7	7	7	7	7	7
Tennis sites	6	6	6	6	6	6	6	6
Basketball court sites	9	9	9	9	15	15	15	15
Ice Rink	1	1	1	1	1	1	1	1
Pools	3	3	3	3	3	3	3	3
Youth/Community centers	3	3	3	3	3	3	3	3
Bark parks	2	2	2	2	2	3	3	4
Parks - passive and staffed	28	28	28	37	25	26	26	26
Municipal regulation golf courses	2	2	2	2	2	2	2	2
Trucks, off-road, and other vehicles	63	65	67	67	84	93	98	98
<b>Sanitation</b>								
Sweepers	12	12	16	17	21	13	9	9
Front end loader	1	1	1	1	2	3	3	3
Trucks, Vans, and other vehicles	22	22	31	32	60	81	74	83
Pressure washers			5	8	10	11	9	9
Transit-minibuses	11	10	10	10	4	4	4	4

Source: Various City of Miami Beach departments.

Note: Data is not available in this format for years prior to 2002

# McGladrey & Pullen

Certified Public Accountants

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

The Honorable Mayor and City Commissioners  
City of Miami Beach, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami Beach, Florida (the "City") as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 26, 2010. Our report was modified to include a reference to other auditors and the adoption of the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during fiscal year 2009. 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. Other auditors audited the financial statements of the Miami Beach Visitor and Convention Authority; the Miami Beach Convention Center as managed by Global Spectrum ("Global Spectrum"); the City of Miami Beach Florida Employees' Retirement Plan; the City of Miami Beach Florida Pension Fund for Firefighters and Police Officers; the City of Miami Beach Florida Firemen's Relief and Pension Fund; and the Miami Beach Policemen's Relief and Pension Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Global Spectrum, the City of Miami Beach Florida Employees' Retirement Plan; the City of Miami Beach Florida Pension Fund for Firefighters and Police Officers; and the Miami Beach Policemen's Relief and Pension Fund audited by other auditors were not audited in accordance with *Government Auditing Standards*.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated April 26, 2010.

This report is intended solely for the information and use of the Honorable Mayor, the Members of the City Commission, management of the City, the Auditor General of the State of Florida, federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

*McGladrey & Pullen, LLP*

Miami-Dade County, Florida  
April 26, 2010.

# McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report  
on Compliance With Requirements Applicable  
to Each Major Federal Program and State Project  
and on Internal Control Over Compliance in Accordance  
With OMB Circular A-133 and Chapter 10.550,  
*Rules of the Auditor General, State of Florida***

The Honorable Mayor and City Commissioners  
City of Miami Beach, Florida

## *Compliance*

We have audited the compliance of the City of Miami Beach, Florida (the "City") with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the requirements described in the Department of Financial Services' State Projects Compliance supplement, that are applicable to each of its major federal programs and each major state project for the year ended September 30, 2009. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs and state projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*, State of Florida. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, and which are described in the accompanying schedule of findings and questioned costs as items CF 2009-01, CF 2009-02, CF 2009-03, CF 2009-04, CF 2009-05, CF 2006-06 and CF 2009-07.

### *Internal Control Over Compliance*

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project, that is more than inconsequential, will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items IC 2009-01 through IC 2009-07 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by any entity's internal control. We did not consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

This report is intended solely for the information and use of the Honorable Mayor, the Members of the City Commission, management of the City, the Auditor General of the State of Florida, federal and state awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey & Pullen, LLP*

Miami-Dade County, Florida  
June 22, 2010

City of Miami Beach, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2009

Federal/State Grantor/Pass-Through Entity Program Title	CFDA/ CSFA Number	Grant/Contract Number	Expenditures
Federal Grants:			
U.S. Department of Housing and Urban Development:			
Direct Programs:			
Community Development Block Grant	14.218	B-XX-MC-12-0014	\$ 1,744,174
CDBG-Section 108 Loan Guarantees	14.248	B-94-MC-12-0014	35,719
Home Investment Partnership Program	14.239	M-XX-MC-12-0014	747,697
Homeless Prevention and Rapid Rehousing Program (Recovery Act Funded)	14.257	S09-MY-12-0007	<u>2,109</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u><u>2,529,699</u></u>
U.S. Department of Justice:			
Direct Program:			
Juvenile Justice and Delinquency Prevention –Teen Club	16.541	2008-JL-FX-0481	330,110
Pass-Through State of Florida:			
Office of Attorney General			
Crime Victim Assistance – VOCA	16.575	V8057	<u>52,927</u>
<b>Total U.S. Department of Justice</b>			<u><u>383,037</u></u>
U. S. Department of Transportation:			
Pass-Through State of Florida:			
Florida Department of Transportation Highway Planning and Construction-Beachwalk II	20.205	4127961	<u>28,523</u>
U.S. Department of Homeland Security:			
Direct Program:			
Emergency Food and Shelter National Board Program – EFS Phase 26	97.024	159400-076	4,570
Emergency Food and Shelter National Board Program – EFS Phase 27	97.024	159400-076	8,240
Pass-through State of Florida:			
Florida Department of Community Affairs			
Pass-through Miami Dade County			
Office of Domestic Preparedness Homeland Security Grant Program	97.067	07DS-5S-11-23-02-379	249,576
Homeland Security Grant Program – Urban Areas Security Initiative 2007	97.067	09DS-24-11-23-02-011	25,301
Disaster Grants-Public Assistance – FEMA – Disaster Relief Funding Agreement	97.036	06-WL-&K-11-23-02-567	<u>14,078</u>
<b>Total U.S. Department of Homeland Security</b>			<u><u>301,765</u></u>

(Continued)

City of Miami Beach, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
 Year Ended September 30, 2009

Federal/State Grantor/Pass-Through Entity Program Title	CFDA/ CSFA Number	Grant/Contract Number	Expenditures
National Endowment for the Arts Direct Program:			
Promotion of the Arts Sleepless Night 2009	45.024	09-6200-7027	<u>\$ 24,780</u>
<b>Total Expenditures of Federal Awards</b>			<u>3,267,804</u>
State Grants:			
Florida Department of Health:			
Pass-Through Miami-Dade County:			
Emergency Medical Services	64.005	C-8013	10,792
Florida Department of State:			
Division of Historical Resources:			
Historic Preservation Grant-Fire Station No 2	45.031	SC114	15,515
Division of Cultural Affairs:			
Cultural Facilities Grant Program-Colony Theatre Renovation	45.014	07-09007	291,789
Florida Department of Environmental Protection:			
Water Resource Management-Normandy Shores	37.039	LP6055/3	500,000
Florida Housing Finance Corporation:			
State Housing Initiatives Partnership Program	52.901	NA	<u>544,142</u>
<b>Total Expenditures of State Financial Assistance</b>			<u>1,362,238</u>
<b>Total Expenditures of Federal Awards and State Financial Assistance</b>			<u><u>\$ 4,630,042</u></u>

NA = Not Available

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended September 30, 2009

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1. General

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance presents the expenditure activity of all federal awards and state projects of the City of Miami Beach, Florida (the "City") for the year ended September 30, 2009. The City's reporting entity is defined in Note 1 of the City's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as amounts passed through other government agencies are included in the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis of accounting for grants which are accounted for in the proprietary fund types. The information in the Schedule of Expenditures of Federal Awards and State Financial Assistance is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

3. Subrecipient Awards

Of the federal awards and state financial assistance presented in the Schedule of Expenditures of Federal Awards and State Financial Assistance, the City provided the following amounts to subrecipients:

Name of Program/Projects	CFDA/CSFA Number	Amount Provided to Subrecipient
Federal:		
Community Development Block Grant	14.218	\$ 1,444,174
Home Program	14.239	598,309
<b>Total Federal</b>		<b>\$ 2,042,483</b>
State:		
State Housing Initiatives Partnership Program	52.901	\$ 426,252

City of Miami Beach, Florida

Schedule of Findings and Questioned Costs  
Federal Awards Programs and State Projects

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Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	X	_____ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	X	_____ No
Noncompliance material to financial statements noted?	_____ Yes	X	_____ No

Federal Awards

Internal control over major program:

Material weakness(es) identified?	_____ Yes	X	_____ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	X _____ Yes		_____ None reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	X _____ Yes	_____	_____ No
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Identification of major program:

<u>Federal CFDA No.</u>	<u>Name of Federal Program or Cluster</u>
14.218	U.S. Department of Housing and Urban Development: Community Development Block Grant
14.239	U.S. Department of Housing and Urban Development: Home Investment Partnership Program
16.541	U.S. Department of Justice: Juvenile Justice and Delinquency Prevention -Teen Club

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?	X _____ Yes	_____	_____ No
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City of Miami Beach, Florida

Schedule of Findings and Questioned Costs (Continued)  
 Federal Awards Programs and State Projects

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State Financial Assistance

Internal control over major projects:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ <u>X</u> Yes	_____ None reported

Type of auditor's report issued on compliance for major projects:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*?

_____ <u>X</u> Yes	_____ No
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Identification of major projects:

State CSFA No.

45.014

52.901

Name of State Projects

Division of Cultural Affairs:

Cultural Facilities Grant Program-Colony Theatre Renovation

Florida Housing Finance Corporation:

State Housing Initiatives Partnership Program

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Schedule of Findings and Questioned Costs (Continued)  
Federal Awards Programs and State Projects

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Section II – Financial Statement Findings

- A. *Internal Control*  
None reported.
  
- B. *Compliance*  
None reported

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

- A. *Internal Control over Compliance*

Federal Awards

IC 2009-01 Subrecipient Monitoring

U.S. Department of Housing and Urban Development (HUD) -  
Community Development Block Grant (CFDA No. 14.218)

Criteria: OMB Circular A-133 which requires that a pass-through entity is responsible for monitoring subrecipient activities and that the subrecipient is administering federal awards in compliance with federal requirements. A control system should be in place to ensure subrecipient monitoring activities occur on a timely basis.

Condition: Monthly reports were not prepared and/or submitted in a timely manner by the subrecipients to the City as required by the subrecipient agreements. In addition, no evidence of monitoring visits were found in several subrecipient's files. It was noted that the following reports were not submitted by the subrecipients and the following monitoring visits were not documented or evident in subrecipients files:

- Miami Beach Community Development Center was missing monthly reports for the entire fiscal year for the Allen House Apartments, Home Ownership Assistance, Multi-family housing program, and Tenant services coordinator. Additionally all of the reports for the Meridian Apartments Façade's were submitted past their due dates.
  
- Unidad of Miami Beach, Inc. North Beach Senior Center's November 2008, December 2008, April 2009, June 2009, and September 2009 were the only reports that were submitted during fiscal year 2009. Additionally, all of the above reports listed were submitted past their due date.
  
- Miami Beach Community Development Corporation – Allen House Apartments, Home Ownership Assistance, Multi-Family Housing Programs, Tenant Services; Unidad of Miami Beach, Inc.–North Beach Senior Center, and Project Link, had no evidence of a monitoring visit being performed.

Questioned costs: Undeterminable.

**Schedule of Findings and Questioned Costs (Continued)**  
**Federal Awards Programs and State Projects**

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Context: We selected seven of the twenty-four subrecipients who received CDBG funds. During subrecipient testing we noted the inconsistency of reporting by the subrecipients. In addition, we performed inquiry and verification from subrecipients' files on the documentation results of monitoring visits. We noted Miami Beach Community Development Corporation – Allen House Apartments, Home Ownership Assistance, Multi-Family Housing Programs, Tenant Services; Unidad of Miami Beach, Inc. – North Beach Senior Center, and Project Link, had no evidence of a monitoring visit being performed.

Effect: Subrecipients may not be administering the activities funded by the program in accordance with the provisions of the program requirements and grant agreements which may result in repayment of awards.

Cause: The City has not developed a formal policy and procedures on subrecipient monitoring and site visit review.

Recommendation: We recommend the City establish a formal policy and procedure for monitoring and reviewing the activities of the sub-grantees of the program. A spreadsheet should be maintained for all subrecipients to track the timely submission of the reports. In addition, each site monitoring should be clearly documented indicating at a minimum, the name of the monitor, the date the monitoring occurred, the procedures performed, and if the subrecipient complied with laws, regulations and the provisions of contracts and grant agreements.

Views of responsible officials and planned corrective action: The City agrees that formal policies and procedures for monitoring and reviewing activities are necessary. Staff concurs that a formal process must be implemented for monitoring visits and other program compliance. We are currently undergoing a review of all files and developing monitoring tools (cover pages) for each subrecipient file which will document responsibilities, contract deliverables, and deadlines. Staff is also being cross-trained to ensure compliance with program rules and notifying all subrecipients that failure to file monthly reports is a default under their contracts.

Schedule of Findings and Questioned Costs (Continued)  
Federal Awards Programs and State Projects

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IC 2009-02 Earmarking

U.S. Department of Housing and Urban Development (HUD) –  
Community Development Block Grant “CDBG” (CFDA No. 14.218)

Criteria: 24 CFR section 570.201(e) of OMB Circular A-133, stipulates that funds obligated during the program year for public services must not exceed fifteen percent of the grant amount it received for that year plus fifteen percent of the program income it received during the preceding program year. The City must have an internal control policy in place to review each housing project and ensure compliance with the earmarking requirements.

Condition: There was no procedure in place to monitor and ensure compliance with the earmarking requirements of the CDBG Program, therefore, the City exceeded the allotted amount during fiscal year 2009.

Questioned costs: \$32,830.

Context: In fiscal year 2009, total public services expenditure amounted to \$291,218 while the maximum funds available to be obligated for public services expenditure (fifteen percent of fiscal year 2009 total expenditures) amounted to \$258,389.

Effect: Failure to review amounts incurred for earmarking could result in prescribed limits not being met and not being detected in a timely detection and could thus result in noncompliance.

Cause: The City has not developed sufficient procedures to ensure and monitor compliance. The City did not budget appropriately the amount of total public services expenditure allowed based on the fiscal year 2009 award amount.

Recommendation: We recommend that the City establish an appropriate budget for the public service expenditures and implement a procedure whereby as part of the review process management compares actual expenditures to budgeted expenditures to ensure adherence to the compliance requirements.

View of responsible officials and planned corrective action: The City exceeded the Public Services cap by assigning a service category to an affordable housing developer. The developer's tenant services activities were erroneously labeled as a housing activity, as such, the City exceeded its public services cap. This error was noted by City staff in the 2008/2009 CAPER to HUD. HUD has recently informed City staff that an adjustment may be made in the allocations of CDBG public service funds for the FY2010/2011 award. The excess public services funds utilized in FY2008/2009 will be reduced from the next funding cycle.

Schedule of Findings and Questioned Costs (Continued)  
Federal Awards Programs and State Projects

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IC 2009-03 Special Test

**U.S. Department of Housing and Urban Development (HUD) –  
Community Development Block Grant “CDBG” (CFDA No. 14.218)**

Criteria: 24 CFR sections 58.1, 58.22, 58.34, 58.35, and 570.604 of OMB Circular A-133 stipulates that projects must have an environmental review unless they meet criteria specified in the regulations that would exempt or exclude them from request for release of funds and environmental certification requirements. Additionally, when CDBG funds are used for rehabilitation, the grantee must ensure that the work is properly completed. The City must have an internal control policy in place to review each housing project and ensure compliance with the environmental review requirements.

Condition: An environmental review was not completed for the Miami Beach Community Development Corporation – Allen House Apartments.

Questioned costs: Undeterminable.

Context: In fiscal year 2009, the City did not have documentation of a completed environmental review for the Miami Beach Community Development Corporation - Allen House Apartments.

Effect: City's non compliance with grant requirements may result in repayment of award monies.

Cause: The City has not developed a procedure to ensure compliance requirements are being adhered to by subrecipients.

Recommendation: We recommend the City establish a formal policy and procedure for monitoring and reviewing the activities of the sub-grantees of the program to ensure that the subrecipients are adhering to all compliance requirements.

View of responsible officials and planned corrective action: Staff concurs that the environmental assessment was not received prior to the end of the fiscal year. The environmental report has now been performed and has been submitted for approval to the State of Florida.

Schedule of Findings and Questioned Costs (Continued)  
Federal Awards Programs and State Projects

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IC 2009-04-Subrecipient Monitoring

U.S. Department of Housing and Urban Development (HUD) -  
HOME Investment Partnership Program (CFDA No. 14.239)

Criteria: OMB Circular A-133 stipulates that a pass-through entity is responsible for monitoring subrecipient activities and that the subrecipient is administering federal awards in compliance with federal requirements.

Condition: Monitoring of subrecipient activities was not conducted during fiscal year 2009 for the Miami Beach Community Development Center – Community Housing Development Organization.

Questioned costs: Undeterminable.

Context: In fiscal year 2009, there was one subrecipient who received HOME funds. M&P tested the one subrecipient and noted there was no evidence of submission of monthly reports by the subrecipient to the City. Additionally, we performed inquiry and verification from the subrecipient's file on the documentation results of monitoring visits and noted no evidence of review of the one monitoring visit conducted on Miami Beach Community Development Corporation during fiscal year 2009.

Effect: Subrecipients may not be administering the activities funded by the program in accordance with the provisions of the program requirements and grant agreements which may result in repayment of awards.

Cause: The City has not developed a formal policy and procedures on subrecipient monitoring and site visit review.

Recommendation: We recommend the City establish a formal policy and procedure for monitoring and reviewing the activities of the sub-grantees of the program. A spreadsheet should be maintained for all subrecipients to track the timely submission of the reports. In addition, each site monitoring should be clearly documented indicating at a minimum, the name of the monitor, the date the monitoring occurred, the procedures performed, and if the subrecipient complied with laws, regulations and the provisions of contracts and grant agreements.

View of responsible officials and planned corrective action: The City agrees that formal policies and procedures for monitoring and reviewing activities are necessary. Staff concurs that a formal process must be implemented for monitoring visits and other program compliance. We are currently undergoing a review of all files and developing monitoring tools (cover pages) for each subrecipient file which will document responsibilities, contract deliverables, and deadlines. Staff is also being cross-trained to ensure compliance with program rules and notifying all subrecipients that failure to file monthly reports is a default under their contracts.

Schedule of Findings and Questioned Costs (Continued)  
Federal Awards Programs and State Projects

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**State Awards**

**IC-2009-05 – Reporting**

**Florida Department of Environmental Protection  
State Housing Initiatives Partnership “SHIP” (CFSA No. 52.901)**

Criteria: Each county of eligible municipality shall submit to the Florida Housing Finance Corporation (FHFC) by September 15 of each year a report of its affordable housing programs and accomplishments through June 30th. The City must have an internal control policy in place to review each housing project and ensure compliance with the reporting requirements.

Condition: There was no procedure in place to monitor and ensure compliance with the reporting requirements of the SHIP Program. As a result, the required report was submitted forty-nine days late by the City to FHFC.

Questioned costs: Undeterminable.

Context: In fiscal year 2009, the City submitted the Annual Report for fiscal years 2006-2007, 2007-2008, and 2008-2009 on November 3, 2009, forty-nine days past due.

Effect: City's non compliance with grant requirements may result in repayment of award monies.

Cause: The City has not developed a procedure to ensure compliance requirements are being adhered to.

Recommendation: We recommend the City establish a formal policy and procedure to notify City employees on pertinent due dates relating to grant awards. A tracking system should be developed to track the timely submission of the reports.

View of responsible officials and planned corrective action: The City will use a tracking system already in place that required reports are filed in a timely manner.

Schedule of Findings and Questioned Costs (Continued)  
Federal Awards Programs and State Projects

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IC 2009-06 – Special Test

Florida Department of Environmental Protection  
State Housing Initiatives Partnership “SHIP” (CFSA No. 52.901)

Criteria: The City must have an internal control policy in place to review each housing project and ensure compliance with the earmarking requirements. Florida statutes, Sections 420.907 through 420.9079 over the SHIP grant, stipulates the following earmarking requirements:

- At least 65 % of the funds made available in each county must be reserved for home ownership for eligible persons.
- At least 75% of funds made available must be reserved for construction, rehabilitation, or emergency repair of affordable, eligible housing.
- At least 30% of funds must be reserved for awards to very low income persons or eligible sponsors who will serve very low income persons and at least an additional 30% of funds must be reserved for awards to low-income persons or eligible sponsors who will serve low income persons.
- Administrative Expense (LHAP).

Condition: There was no procedure in place to monitor and ensure compliance with the earmarking requirements of the SHIP Program. As a result, the City did not meet any of the required earmarking requirements during fiscal year 2009 for the closing year of fiscal year 2006-2007.

Questioned costs: Undeterminable.

Context: The City did not meet any of the required earmarking requirements during fiscal year 2009 for the closing year of fiscal year 2006-2007. This is a systemic problem as there was no procedure in place to ensure and monitor compliance.

Effect: Failure to review amounts incurred for earmarking could result in prescribed limits not being met and not being detected in a timely detection and could thus result in noncompliance.

Cause: The City has not developed a procedure to ensure compliance requirements are being adhered to.

Recommendation: We recommend the City establish a formal policy and procedure to ensure compliance requirements are met.

View of responsible officials and planned corrective action: The City has three years in which to expend SHIP funds. The original deadline to expend the grant year ending June 30, 2007 funds was June 30, 2009, however two six month extensions were requested and granted by the State. The deadline to expend the funds is currently June 30, 2010.

Schedule of Findings and Questioned Costs (Continued)  
Federal Awards Programs and State Projects

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IC 2009-07 – Subrecipient Monitoring

Florida Department of Environmental Protection  
State Housing Initiatives Partnership “SHIP” (CFSA No. 52.901)

Criteria: Florida statutes, Sections 420.907 through 420.9079 over the SHIP grant and Chapter 67-37.007 Florida Administrative Code, stipulates that a pass-through entity is responsible for monitoring subrecipient activities and that the subrecipient is administering state awards in compliance with state requirements. A control system should be in place to ensure subrecipient monitoring activities occur on a timely basis.

Condition: There was no procedure in place to monitor and ensure compliance with the subrecipient requirements of the SHIP Program. As a result, monthly reports were not prepared and or submitted in a timely manner by the subrecipient, Miami Beach Community Development Center, to the City as required by the subrecipient’s agreements. Additionally, monitoring of subrecipient activities was not conducted during fiscal year 2009 by the City.

Questioned costs: Undeterminable.

Context: In fiscal year 2009, there was one subrecipient who received SHIP funds. M&P tested the one subrecipient and noted there was no evidence of submission of monthly reports by the subrecipient to the City. Additionally, we performed inquiry and verification from subrecipients’ file on the documentation results of monitoring visits. We noted Miami Beach Community Development Corporation had no evidence of a monitoring visit being performed.

Effect: Subrecipients may not be administering the activities funded by the program in accordance with the provisions of the program requirements and grant agreements which may result in repayment of awards.

Cause: The City has not developed a formal policy and procedures on subrecipient monitoring and site visit review.

Recommendation: We recommend the City establish a formal policy and procedure for monitoring and reviewing the activities of the sub-grantees of the program. A spreadsheet should be maintained for all subrecipients to track the timely submission of the reports. In addition, each site monitoring should be clearly documented indicating at a minimum, the name of the monitor, the date the monitoring occurred, the procedures performed, and if the subrecipient complied with laws, regulations and the provisions of contracts and grant agreements.

View of responsible officials and planned corrective action: The City agrees that formal policies and procedures for monitoring and reviewing activities are necessary. Staff concurs that a formal process must be implemented for monitoring visits and other program compliance. We are currently undergoing a review of all files and developing monitoring tools (cover pages) for each subrecipient file which will document responsibilities, contract deliverables, and deadlines. Staff is also being cross-trained to ensure compliance with program rules and notifying all subrecipients that failure to file monthly reports is a default under their contracts.

Schedule of Findings and Questioned Costs (Continued)  
Federal Awards Programs and State Projects

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*B. Compliance Findings*

**Federal Awards**

**CF 2009-01 Subrecipient Monitoring**

**U.S. Department of Housing and Urban Development (HUD) -  
Community Development Block Grant (CFDA No. 14.218)**

See IC 2009-01

Views of responsible officials and planned corrective actions: See IC 2009-01 for detailed view of responsible officials and planned corrective action.

**CF 2009-02 Earmarking**

**U.S. Department of Housing and Urban Development (HUD) -  
Community Development Block Grant "CDBG" (CFDA No. 14.218)**

See IC 2009-02

Views of responsible officials and planned corrective actions: See IC 2009-02 for detailed view of responsible officials and planned corrective action.

Schedule of Findings and Questioned Costs (Continued)  
Federal Awards Programs and State Projects

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**CF 2009-03 Special Test**

**U.S. Department of Housing and Urban Development (HUD) -  
Community Development Block Grant "CDBG" (CFDA No. 14.218)**

See IC 2009-03

Views of responsible officials and planned corrective actions: See IC 2009-03 for detailed view of responsible officials and planned corrective action.

**CF 2009-04 Subrecipient Monitoring**

**U.S. Department of Housing and Urban Development (HUD) -  
HOME Investment Partnership Program (CFDA No. 14.239)**

See IC 2009-04

Views of responsible officials and planned corrective actions: See IC 2009-04 for detailed view of responsible officials and planned corrective action.

**State Financial Assistance**

**CF 2009-05 Reporting**

**Florida Department of Environmental Protection  
State Housing Initiatives Partnership "SHIP" (CFSA No. 52.901)**

See IC 2009-05

Views of responsible officials and planned corrective actions: See IC 2009-05 for detailed view of responsible officials and planned corrective action.

**CF 2009-06 Special Test**

**Florida Department of Environmental Protection  
State Housing Initiatives Partnership "SHIP" (CFSA No. 52.901)**

See IC 2009-06

Views of responsible officials and planned corrective actions: See IC 2009-06 for detailed view of responsible officials and planned corrective action.

Schedule of Findings and Questioned Costs (Continued)  
Federal Awards Programs and State Projects

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CF 2009-07 Subrecipient Monitoring

Florida Department of Environmental Protection  
State Housing Initiatives Partnership "SHIP" (CFSA No. 52.901)

See IC 2009-07

Views of responsible officials and planned corrective actions: See IC 2009-07 for detailed view of responsible officials and planned corrective action.

City of Miami Beach, Florida

Schedule of Prior Year Audit Findings  
Federal Awards Programs and State Projects

Finding #	Finding Title	Status	Explanation
<b>Findings related to financial statements:</b>			
<b>CF 2008-01</b>	<b>Subrecipient Monitoring(CFDA No.14.218)</b> There was no evidence of monitoring being performed by the City for one of the subrecipients in order to ensure that the subrecipient was in compliance with the provisions of contracts and grant agreements.	Not Corrected	The City agrees that formal policies and procedures for monitoring and reviewing activities are necessary. The City concurs that a formal process must be implemented for monitoring visits and other program compliance. The City is currently undergoing a review of all files and developing monitoring tools for each subrecipient file which will document responsibilities, contract deliverables, and deadlines. Furthermore, The City is in the process of notifying all subrecipients that failure to file monthly reports is a default under their contracts.
<b>CF 2008-02</b>	<b>Reporting(CFDA No. 14.248)</b> The City failed to submit the monthly reports by the 15th day of each month. For six of the twelve reports selected for testing.	Corrected	The City corrected the specific finding in fiscal year 2009.
<b>CF 2008-03</b>	<b>Reporting(CFDA No. 16.738)</b> During our testing we noted of the four reports tested, two reports were not submitted timely.	Corrected	The City corrected the specific finding in fiscal year 2009.

# McGladrey & Pullen

Certified Public Accountants

## Management Letter in Accordance with the Rules of the Auditor General of the State of Florida

To the Honorable Mayor and City Commissioners  
City of Miami Beach, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami Beach, Florida (the "City") as of and for the year ended September 30, 2009, and have issued our report thereon dated April 26, 2010. Our report was modified to include a reference to other auditors and the adoption of the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 54, *Accounting for Fund Balance Reporting and Governmental Fund Type Definitions*, as of September 30, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated April 26, 2010, and Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and State Project and on Internal Control over Compliance and Schedule of Findings and Questioned Costs dated June 22, 2010. Disclosures in those reports and schedule, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

Section 10.554(1)(i)1., Rules of the Auditor General requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report, except for those reported below under the heading "Prior Year's Recommendations to Improve Financial Management, Accounting Procedures and Internal Controls" listed in Appendix B.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, *Florida Statutes*, relating to local government investment policies.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. The recommendations to improve the City's financial management have been addressed in Appendix A to this report.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information is disclosed in Note 1A to the financial statements.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2009 filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Honorable Mayor, City Commissioners, management of the City, the State of Florida Office of the Auditor General, federal and state awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey & Pullen, LLP*

Miami-Dade County, Florida  
April 26, 2010

Appendix A  
Current Year's Recommendations to Improve Financial Management,  
Accounting Procedures and Internal Controls  
Year Ended September 30, 2009

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<u>No.</u>	<u>Current Year's Observations</u>
2009-1	Complexity of Passwords
2009-2	Self-Insurance Fund Deficit
2009-3	Budget Compliance

**2009-1 Complexity of Passwords**

Criteria: Password settings should include complexity to ensure passwords are not easy to guess by others.

Condition: Per inspection of password setting within Active Directory, setting "Password must meet complexity requirements" is disabled within Active Directory.

Effect: Lack of complexity within password parameters may allow inappropriate or unauthorized access to critical IT systems.

Cause: Password encryption is in place and multiple failed attempts lockout.

Recommendation: The City should consider setting "Password must meet complexity," within Active Directory, to "Enable". Complexity should include combinations between upper case, lower case, and number.

Views of responsible officials and planned corrective actions: The City currently utilizes Kerberos authentication NTLM 128 bit encryption for all passwords stored within the Active Directory database. This level of encryption is considered to be adequate within the IT industry to safeguard passwords, even though those passwords may not meet complex password criteria. Additionally, Active Directory is configured to lock out an account after three failed log in attempts.

Appendix A  
Current Year's Recommendations to Improve Financial Management,  
Accounting Procedures and Internal Controls (Continued)  
Year Ended September 30, 2009

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2009-2 Self-Insurance Fund Deficit

Criteria: Proprietary funds (which include internal service funds) should be accounted for on a cost reimbursement basis.

Condition: The City's self-insurance fund reported a net asset deficit of approximately \$9.0 million, as of September 30, 2009.

Cause: The rates established to charge each participating fund of the City were not adequate enough to reimburse the cost of insurance.

Effect: The City's may not have enough resources accumulated to fully liquidate insurable liabilities as they become due. In addition, by not properly allocating these charges to the various funds and functions, the City might not incorporate all of the City's cost that would be applicable in order to accurately establish rates and fees for services that are charged by the City to external parties.

Recommendation: We recommend that the City evaluate its self-insurance program, to not only help ensure that the level of amounts charged to user funds are sufficiently balanced to sustain the self-insurance program, but to help ensure that reserves will be replenished in order to fund the growing deficit. The total charge by the internal service fund to the other funds should be based on a systematic method and adjusted over a reasonable period of time so that internal service fund revenue and expenses are approximately equal.

Views of responsible officials and planned corrective actions: The deficit in the Risk Management self insurance fund increased from \$7.704 million at September 30, 2008 to \$8.985 million at September 30, 2009, an increase of \$1.281 million. In prior years, the City had been steadily decreasing the deficit in the fund from a high of \$11.1 million at September 30, 2005. Of the \$1.281 million increase, approximately \$.964 million was due to claims incurred but not reported (IBNR) based on an independent actuarial study. The increase in IBNR represented 75.3% of the increase in the deficit, which is primarily due to actuarial estimates for IBNR police and workman's compensation claims that were not received until after the end of the fiscal year, and therefore which are challenging to budget for in advance. It is important to note that the IBNR estimate was impacted by recent one-time claims related to the FTAA Police Liability Claims, and as such, it is possible that, in future years, this will be reduced.

As with all other local governments, Fiscal Year 2009 was a difficult budget year, as is Fiscal Year 2010. Furthermore, Fiscal Year 2011 is expected to be even more challenging due to continued declines in property values through January 2010 and increased pension contribution requirements primarily because pension investments have not met actuarial assumptions in the last two years. As a result, for the short-term, the City has elected to use year-end surplus in the General Fund as carry-forward to future fiscal years, rather than to fund deficit increases in the self insurance fund. It is anticipated that property values will stabilize in the coming years and then resume normal historical increases and that investment returns will return to historical levels, thereby reducing the stress on the budget. It is therefore anticipated that, in the longer term, the City will once again be in the position to reduce the risk deficit as it has done in prior years.

City of Miami Beach, Florida

Appendix A  
Current Year's Recommendations to Improve Financial Management,  
Accounting Procedures and Internal Controls (Continued)  
Year Ended September 30, 2009

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2009-03 – Budget Compliance

Criteria: Pursuant to Section 166.241 (2), Florida Statutes, the budget must regulate expenditures of the municipality, and it is unlawful for any officer of a municipal government to expend or contract for expenditures in excess of budgeted appropriations.

Condition: For the fiscal year ended September 30, 2009 Redevelopment Agency General Fund expenditures exceeded legal appropriations by \$38,707 which relate primarily to general government.

Context: During our budget to actual analysis, we noted that Redevelopment Agency General Fund expenditures exceeded the total legal appropriations for the general fund by \$38,707.

Effect: The City is in violation of Section 166.241 (2), of the Florida Statutes.

Cause: There were additional expenditures which were accrued as of September 30, 2009 after the budget was finalized and approved by the City Commission.

Recommendation: We recommend that the City improve their financial reporting process in order to obtain a more accurate basis of actual revenue and expenditures for budgetary purposes and ensure legal compliance as required by statute.

View of responsible officials and planned corrective action: The Redevelopment Agency (the Agency) General Fund's net negative expenditure variance of \$38,707, resulted from a negative variance in general government expenditures of \$606,923, a positive variance of \$569,631 in public safety expenditures and a negative variance of \$1,415 in capital outlay. The negative variance in general government resulted from the unanticipated increase in property management and repair costs in the City Center areas, which includes Lincoln Road, Collins Park, the Beachwalk and the beachfront restroom facilities located at 21st Street. This increase was partially offset by a \$569,631 decrease in Community Policing expenditures resulting from a decrease in staffing and overtime. Going forward, the Agency will improve monitoring and recording of expenditure transactions along with budget amendments to ensure that it is in compliance with Section 166.241 (2), of the Florida Statutes.

City of Miami Beach, Florida

Appendix B  
Prior Year's Recommendations to Improve Financial Management,  
Accounting Procedures and Internal Controls  
Year Ended September 30, 2009

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No.	Prior Years' Observations	Observation is Still Relevant	Comment No Longer Relevant
2008-1	Frequency of Financial-system and Network Access Validation		X
2008-2	Lack of Positive Confirmation of General Network Access Validation		X
2002-2	Self-Insurance Fund Deficit see current year's comment at 2009-2	X	



OFFICE OF THE CITY MANAGER

Tel: (305) 673-7010 , Fax: (305) 673-7782

May 19, 2010

DAC

Attn: Diana O'Brien  
390 N. Orange Ave., Suite 1750  
Orlando, FL 32801

**Re: Annual Report for the City of Miami Beach, Florida, in accordance with Continuing Disclosure Requirements of SEC Rule 15c2-12**

In accordance with undertakings of the City of Miami Beach, Florida (the "City") regarding continuing disclosure made pursuant to SEC Rule 15c2-12(b) (5) (i), by the Resolutions adopted by the Mayor and City Commission, the governing body of the City, described below, enclosed is the annual financial information and operating data for the Fiscal Year ending on September 30, 2009, as described in the respective undertakings for the following bond issues of the City:

\$21,000,000 City of Miami Beach, Florida, Parking Revenue Bonds, Series 1997 (the "1997 Parking Bonds")

- Official Statement dated August 15, 1997
- Resolution No. 96-21898, adopted on February 20, 1996, as supplemented by Resolution No. 97-22482, adopted on July 16, 1997, and Continuing Disclosure Commitment, dated as of August 1, 1997

\$15,910,000 City of Miami Beach, Florida, City of Gulf Breeze Loan, Series 1985B (Expand, renovate and improve fire stations and related facilities; improve recreation and maintenance facilities for parks and beaches; and, improve neighborhood infrastructure), (the "2000 Gulf Breeze Loan")

- Loan Agreement dated June 1, 2000
- Resolution No. 2000-23966, adopted on June 23, 2000, and Continuing Disclosure Commitment, dated as of June 1, 2000

\$14,090,000 City of Miami Beach, Florida, City of Gulf Breeze Loan, Series 1985E (Expand, renovate and improve fire stations and related facilities; improve recreation and maintenance facilities for parks and beaches; and, improve neighborhood infrastructure), (the "2000 Gulf Breeze Loan")

- Loan Agreement dated June 1, 2000
- Resolution No. 2000-23966, adopted on June 23, 2000, and Continuing Disclosure Commitment, dated as of June 1, 2000

\$54,310,000 City of Miami Beach, Florida, Water and Sewer Revenue Bonds, Series 2000, (the "2000 Water and Sewer Bonds")

- Official Statement dated August 31, 2000
- Resolution No. 2000-24041, adopted on July 26, 2000, and Continuing

Disclosure Commitment, dated as of August 15, 2000

\$52,170,000 City of Miami Beach, Florida, Stormwater Revenue Bonds, Series 2000, (the "2000 Stormwater Bonds")

- Official Statement dated October 27, 2000
- Resolution No. 2000-24127, adopted on October 18, 2000, and Continuing Disclosure Commitment, dated as of October 1, 2000

\$2,200,000 City of Miami Beach, Florida, City of Gulf Breeze Fixed Rate Loan, Series 1985B (used to repay a portion of the outstanding principal from the Sunshine State Loan), (the "2001 Gulf Breeze Loan")

- Loan Agreement dated August 1, 2001
- Resolution No. 2001-24500, adopted on June 26, 2001, and Continuing Disclosure Commitment, dated as of August 1, 2001

\$22,445,000 City of Miami Beach, Florida, City of Gulf Breeze Fixed Rate Loan, Series 1985C (a portion used to repay the outstanding balance of the City of Gulf Breeze Loan, dated June 1, 1993 and the remaining balance used to repay a portion of the outstanding principal from the Sunshine State Loan), ("2001 Gulf Breeze Loan") (\$8,143,046 of the original loan amount relates to the construction of a Parking Garage and is included in the Parking Enterprise Fund)

- Loan Agreement dated August 1, 2001
- Resolution No. 2001-24500, adopted on June 26, 2001, and Continuing Disclosure Commitment, dated as of August 1, 2001

\$22,500,000 City of Miami Beach, Florida, City of Gulf Breeze Fixed Rate Loan, Series 1985E (used to repay a portion of the outstanding principal from the Sunshine State Loan and renovation and improvement of two City owned golf courses and their related facilities), ("2001 Gulf Breeze Loan")

- Loan Agreement dated August 1, 2001
- Resolution No. 2001-24500, adopted on June 26, 2001, and Continuing Disclosure Commitment, dated as of August 1, 2001

\$62,465,000 City of Miami Beach, Florida, General Obligation Bonds, Series 2003 (used to improve neighborhood infrastructure in the City, consisting of streetscape and traffic calming measures, shoreline stabilization, Fire Safety Projects and Beaches Projects)

- Official Statement dated July 22, 2003
- Resolution No. 2003-25240 adopted on June 11, 2003 and Continuing Disclosure Commitment, dated as of July 22, 2003.

\$53,030,000 City of Miami Beach, Florida, Taxable Special Obligation Refunding Bonds (Pension Funding Project), Series 2005

- Official Statement dated September 1, 2005
- Resolution No. 2005-25951 adopted on July 6, 2005 and Continuing Disclosure Commitment, dated as of September 1, 2005.

\$8,500,000 City of Miami Beach, Florida, Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1, City of Gulf Breeze Loan, Series 1985B, (used to refund the City's outstanding Water & Sewer Revenue Bonds, Series 1995), ("2006 Gulf Breeze Loan, Series 1985B)

- Loan Agreement dated April 19, 2006

- Resolution No. 2006-26153 adopted on March 8, 2006 and Continuing Disclosure Commitment, dated as of April 19, 2006

\$18,300,000 City of Miami Beach, Florida, Water and Sewer Revenue Bonds, Taxable Series 2006B-2, City of Gulf Breeze Loan, Series 1985B, (used to pay the cost of certain improvements to its water and sewer utility), ("2006 Gulf Breeze Loan, Series 1985B)

- Loan Agreement dated April 19, 2006
- Resolution No. 2006-26153 adopted on March 8, 2006 and Continuing Disclosure Commitment, dated as of April 19, 2006

\$27,500,000 City of Miami Beach, Florida, Water and Sewer Revenue Refunding Bonds, Taxable Series 2006C, City of Gulf Breeze Loan, Series 1985C (used to refund the City's outstanding Water & Sewer Revenue Bonds, Series 1995), ("2006 Gulf Breeze Loan, Series 1985C)

- Loan Agreement dated April 19, 2006
- Resolution No. 2006-26153 adopted on March 8, 2006 and Continuing Disclosure Commitment, dated as of April 19, 2006

\$5,700,000 City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2006E, City of Gulf Breeze Loan, Series 1985E (used to pay the cost of certain improvements to its water and sewer utility), ("2006 Gulf Breeze Loan, Series 1985E")

- Loan Agreement dated April 19, 2006
- Resolution No. 2006-26153 adopted on March 8, 2006 and Continuing Disclosure Commitment, dated as of April 19, 2006

Such information and operating data are hereinafter collectively called the "Fiscal Year 2009 Annual Information."

The information is for the Fiscal Year of the City ended September 30, 2009, and constitutes the annual information, agreed to be provided under the provisions regarding continuing disclosure set forth in the Resolutions adopted at the time of the primary offerings referenced above. No representation is made as to the materiality or completeness of that information. Other relevant information for that period may exist, and matters may have occurred or become known during or since that period, which an investor would consider to be material to the making of an investment decision. Further, no representation is made that such information is indicative of financial or operating results of the City since the end of that Fiscal Year or of future financial or operating results.

Any questions concerning this filing should be directed to Patricia D. Walker, Chief Financial Officer, 1700 Convention Center Drive, Miami Beach, Florida 33139; Telephone (305) 673-7466.

Very truly yours,



Patricia D. Walker  
Chief Financial Officer

**CITY OF MIAMI BEACH, FLORIDA**  
**REPORT OF ANNUAL FINANCIAL INFORMATION**  
**FOR FISCAL YEAR ENDED SEPTEMBER 30, 2009**

The following provides, in accordance with provisions regarding continuing disclosure set forth in (1) Resolution No. 97-22482, adopted on July 16, 1997 (the "1997 Parking Bond Resolution"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of August 1, 1997, and (2) Resolution No. 2000-23966, adopted on June 23, 2000 (the "2000 Gulf Breeze Loan Resolution"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of June 1, 2000, (3) Resolution No. 2000-24041, adopted on July 26, 2000 (the "2000 Water and Sewer Bond Resolution"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of August 15, 2000, (4) Resolution No. 2000-24127, adopted on October 18, 2000 (the "2000 Stormwater Bond Resolution"), by the Mayor and City Commission, and the Continuing Disclosure Commitment, dated as of October 1, 2000, (5) Resolution No. 2001-24500, adopted on June 26, 2001 (the "2001 Gulf Breeze Loan Resolution"), collectively with the 1996 Parking Bond Resolution, the 1997 Parking Bond Resolution, the 2000 Gulf Breeze Loan Resolution, the 2000 Water and Sewer Bond Resolution, the 2000 Stormwater Bond Resolution, the 2001 Gulf Breeze Loan Resolution, (hereinafter referred to as the "Resolutions"), by the Mayor and City Commission, and the Continuing Disclosure Commitment, dated as of August 1, 2001, (6) Resolution No. 2003-25240, adopted on June 11, 2003 (the "2003 G. O. Bonds"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of July 22, 2003, (7) Resolution 2005-25951, adopted on July 6, 2005, (the "Series 2005 Bonds"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of September 1, 2005, and (8) Resolution No. 2006-26153, adopted on March 8, 2006 (the "2006 Bonds"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of April 19, 2006, and SEC Rule 15c2-12(b)(5)(i), annual financial information and operating data for the City's Fiscal Year ended September 30, 2009 ("Fiscal Year 2009") of the type included in the final official statements for its primary offerings of:

\$21,000,000 City of Miami Beach, Florida, Parking Revenue Bonds, Series 1997 (the "1997 Parking Bonds");

\$15,910,000 City of Miami Beach, Florida, Gulf Breeze Loan, Series 1985B (Expand, renovate and improve fire stations and related facilities; improve recreation and maintenance facilities for parks and beaches; and, improve neighborhood infrastructure), (the "2000 Gulf Breeze Loan");

\$14,090,000 City of Miami Beach, Florida, Gulf Breeze Loan, Series 1985E (Expand, renovate and improve fire stations and related facilities; improve recreation and maintenance facilities for parks and beaches; and, improve neighborhood infrastructure), (the "2000 Gulf Breeze Loan");

\$54,310,000 City of Miami Beach, Florida, Water and Sewer Revenue Bonds, Series 2000, (the "2000 Water and Sewer Bonds");

\$52,170,000 City of Miami Beach, Florida, Stormwater Revenue Bonds, Series 2000, (the "2000 Stormwater Bonds");

\$2,200,000 City of Miami Beach, City of Gulf Breeze Fixed Rate Loan, Series 1985B (used to repay a portion of the outstanding principal from the Sunshine State Loan), (the "2001 Gulf Breeze Loan");

\$22,445,000 City of Miami Beach, City of Gulf Breeze Fixed Rate Loan, Series 1985C (a portion used to repay the outstanding balance of the City of Gulf Breeze Loan, dated June 1, 1993 and the remaining balance used to repay a portion of the outstanding principal from the Sunshine State Loan), (\$8,143,046 of the original loan amount relates to the construction of a Parking Garage and is included in the Parking Enterprise Fund), (the "2001 Gulf Breeze Loan");

\$22,500,000 City of Miami Beach, City of Gulf Breeze Fixed Rate Loan, Series 1985E (used to repay a portion of the outstanding principal from the Sunshine State Loan and renovation and improvement of two City owned golf courses and their related facilities), (the "2001 Gulf Breeze Loan");

\$62,465,000 City of Miami Beach, General Obligation Bonds, Series 2003 (used to improve neighborhood infrastructure in the City, consisting of streetscape and traffic calming measures, shoreline stabilization, Fire Safety Projects and Beaches Projects, (the "2003 G.O. Bonds");

\$53,030,000 City of Miami Beach, Florida, Taxable Special Obligation Refunding Bonds (Pension Funding Project), Series 2005 (the "Series 2005 Bonds");

\$8,500,000 City of Miami Beach, Florida, Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1, City of Gulf Breeze Loan, Series 1985B, (used to refund the City's outstanding Water & Sewer Revenue Bonds, Series 1995), ("2006 Gulf Breeze Loan, Series 1985B);

\$18,300,000 City of Miami Beach, Florida, Water and Sewer Revenue Bonds, Taxable Series 2006B-2, City of Gulf Breeze Loan, Series 1985B, (used to pay the cost of certain improvements to its water and sewer utility), ("2006 Gulf Breeze Loan, Series 1985B);

\$27,500,000 City of Miami Beach, Florida, Water and Sewer Revenue Refunding Bonds, Taxable Series 2006C, City of Gulf Breeze Loan, Series 1985C (used to refund the City's outstanding Water & Sewer Revenue Bonds, Series 1995), ("2006 Gulf Breeze Loan, Series 1985C);

\$5,700,000 City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2006E, City of Gulf Breeze Loan, Series 1985E (used to pay the cost of certain improvements to its water and sewer utility), ("2006 Gulf Breeze Loan, Series 1985E").

The above annual financial information and operating data are hereinafter collectively referred to as the "Fiscal Year 2009 Annual Information."

The Fiscal Year 2009 Annual Information constitutes only the annual financial information and operating data agreed to be provided pursuant to the provisions regarding continuing disclosure in the Resolutions adopted at the time of the primary offerings referenced above and the Continuing Disclosure Commitments, dated as of August 1, 1997, March 1, 1996, June 1, 2000, August 15, 2000, October 1, 2000, August 1, 2001, July 22, 2003, September 1, 2005, and April 19, 2006. No representation is made as to the materiality or completeness of that information.

Other relevant information for Fiscal Year 2009 may exist, and matters may have occurred or become known during or since that period, which a reasonable investor would consider to be important when making an investment decision. Further, no representation is made that the Fiscal Year 2009 Annual Information is indicative of financial operating results of the City since the end of Fiscal Year 2009 or future financial or operating results.

**CITY OF MIAMI BEACH, FLORIDA**

CONTACT: Patricia D. Walker, Chief Financial Officer  
City of Miami Beach  
1700 Convention Center Dr  
Miami Beach, Florida 33139  
Telephone: (305) 673-7466

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## INTRODUCTION

This Report of Annual Financial Information is being filed with each of the National Recognized Securities Information Repositories pursuant to the provisions regarding continuing disclosure set forth in (1) Resolution No. 97-22482, adopted on July 16, 1997 (the "1997 Parking Bond Resolution"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of August 1, 1997, (2) Resolution No. 2000-23966, adopted on June 23, 2000 (the "2000 Gulf Breeze Loan Resolution"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of June 1, 2000, (3) Resolution No. 2000-24041, adopted on July 26, 2000 (the "2000 Water and Sewer Bond Resolution"), and the Continuing Disclosure Commitment dated as of August 15, 2000, (4) Resolution No. 2000-24127, adopted on October 18, 2000 (the "2000 Stormwater Bond Resolution"), and the Continuing Disclosure Commitment dated as of October 1, 2000, and (5) Resolution No. 2001-24500, adopted on June 26, 2001 (the "2001 Gulf Breeze Loan Resolution", and, collectively with the 1996 Parking Bond Resolution, the 1997 Parking Bond Resolution, the 2000 Gulf Breeze Loan Resolution, the 2000 Water and Sewer Bond Resolution, the 2000 Stormwater Bond Resolution, the 2001 Gulf Breeze Loan Resolution, (hereinafter referred to as the "Resolutions"), by the Mayor and City Commission, and the Continuing Disclosure Commitment, dated as of August 1, 2001, (collectively, the "Disclosure Provisions"), (6) Resolution No. 2003-25240, adopted on June 11, 2003 (the "2003 G.O. Bonds") by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of July 22, 2003, (7) Resolution No. 2005-25951, adopted on July 6, 2005, (the "Series 2005 Bonds") by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of September 1, 2005, and (8) Resolution No. 2006-26153, adopted on March 8, 2006 (the "2006 Bonds"), by the Mayor and City Commission, and the Continuing Disclosure Commitment dated as of April 19, 2006 in connection with the issuance of:

\$21,000,000 City of Miami Beach, Florida, Parking Revenue Bonds, Series 1997 (the "1997 Parking Bonds");

\$15,910,000 City of Miami Beach, Florida, City of Gulf Breeze Loan, Series 1985B (Expand, renovate and improve fire stations and related facilities; improve recreation and maintenance facilities for parks and beaches; and, improve neighborhood infrastructure), (the 1985B Gulf Breeze);

\$14,090,000 City of Miami Beach, Florida, City of Gulf Breeze Loan, Series 1985E (Expand, renovate and improve fire stations and related facilities; improve recreation and maintenance facilities for parks and beaches; and, improve neighborhood infrastructure), (the 1985E Gulf Breeze);

\$54,310,000 City of Miami Beach, Florida Water and Sewer Revenue Bonds, Series 2000 (the "2000 Water and Sewer Bonds");

\$52,170,000 City of Miami Beach, Florida, Stormwater Revenue Bonds, Series 2000, (the "2000 Stormwater Bonds");

\$2,200,000 City of Miami Beach, Florida, City of Gulf Breeze Fixed Rate Loan, Series 1985B (used to repay a portion of the outstanding principal from the Sunshine State Loan), (the "2001 Gulf Breeze Loan");

\$22,445,000 City of Miami Beach, Florida, City of Gulf Breeze Fixed Rate Loan, Series 1985C (a portion used to repay the outstanding balance of the City of Gulf Breeze Loan, dated June 1, 1993 and the remaining balance used to repay a portion of the outstanding

principal from the Sunshine State Loan), (the “2001 Gulf Breeze Loan”) (\$8,143,046 of the original loan amount relates to the construction of a Parking Garage and is included in the Parking Enterprise Fund);

\$22,500,000 City of Miami Beach, Florida, City of Gulf Breeze Fixed Rate Loan, Series 1985E (used to repay a portion of the outstanding principal from the Sunshine State Loan and renovation and improvement of two City owned golf courses and their related facilities), (the “2001 Gulf Breeze Loan”);

\$62,465,000 City of Miami Beach, Florida General Obligation Bonds, Series 2003 (used to improve neighborhood infrastructure in the City, consisting of streetscape and traffic calming measures, shoreline stabilization, Fire Safety Projects and Beaches Projects, (the “2003 G.O. Bonds”);

\$53,030,000 City of Miami Beach, Florida, Taxable Special Obligation Refunding Bonds (Pension Funding Project), Series 2005 (the “Series 2005 Bonds”);

\$8,500,000 City of Miami Beach, Florida, Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1, City of Gulf Breeze Loan, Series 1985B, (used to refund the City’s outstanding Water & Sewer Revenue Bonds, Series 1995), (“2006 Gulf Breeze Loan, Series 1985B);

\$18,300,000 City of Miami Beach, Florida, Water and Sewer Revenue Bonds, Taxable Series 2006B-2, City of Gulf Breeze Loan, Series 1985B, (used to pay the cost of certain improvements to its water and sewer utility), (“2006 Gulf Breeze Loan, Series 1985B);

\$27,500,000 City of Miami Beach, Florida, Water and Sewer Revenue Refunding Bonds, Taxable Series 2006C, City of Gulf Breeze Loan, Series 1985C (used to refund the City’s outstanding Water & Sewer Revenue Bonds, Series 1995), (“2006 Gulf Breeze Loan, Series 1985C); and,

\$5,700,000 City of Miami Beach, Florida Water and Sewer Revenue Bonds, Taxable Series 2006E, City of Gulf Breeze Loan, Series 1985E (used to pay the cost of certain improvements to its water and sewer utility), (“2006 Gulf Breeze Loan, Series 1985E”).

The Disclosure Provisions were executed and delivered for the benefit of the holders, owners and beneficial owners of each series of Bonds and in order to assist the underwriters of each series of Bonds in complying with the terms and provisions of Rule 15c2-12 adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. §240.115c2-12).

In connection with the issuance of each series of Bonds, the City delivered Official Statements dated August 15, 1997 (as to the 1997 Parking Bonds), March 1, 1996 (as to the 1996 Parking Bonds), August 31, 2000 (as to the 2000 Water and Sewer Bonds), October 27, 2000 (as to the 2000 Stormwater Bonds), July 22, 2003 (as to the 2003 G.O. Bonds), September 1, 2005 (as to the Series 2005 Bonds), and April 19, 2006 (as to the Series 2006 Bonds).

Capitalized terms used herein shall have the meanings set forth in the respective official Statements.

## GENERAL OBLIGATION BONDS

The following information applies to the \$15,910,000 City of Miami Beach, Florida, City of Gulf Breeze Loan, 1985B (the 2000 Gulf Breeze), and the \$14,090,000 City of Miami Beach, Florida, City of Gulf Breeze Loan, Series 1985E (the 2000 Gulf Breeze); the \$62,465,000 City of Miami Beach, Florida, General Obligation Bonds, Series 2003, (Expand, renovate and improve fire stations and related facilities; improve recreation and maintenance facilities for parks and beaches; and, improve neighborhood infrastructure).

### City of Miami Beach, Florida Property Tax Levies and Collections Fiscal Years 1999 through 2008

Tax Year (1)	Total Tax Levy	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 63,294,354	\$ 64,235,654	(2) 101.5	N/A	\$ 64,462,487	101.8
2000	67,851,578	68,603,879	(2) 101.1	N/A	71,635,745	105.6
2001	74,551,384	75,205,177	(2) 100.9	N/A	80,330,981	107.8
2002	83,590,412	80,460,485	96.3	2,095,612	82,556,097	98.8
2003	93,492,337	90,447,232	96.7	1,790,839	92,238,071	98.7
2004	109,298,076	107,543,916	98.4	2,781,984	110,325,900	100.9
2005	133,573,759	131,074,911	98.1	1,015,697	132,090,608	98.9
2006	164,807,822	161,325,469	97.9	4,050,893	165,376,362	100.3
2007	146,418,406	146,076,252	99.8	5,047,342	151,123,594	103.2
2008	144,907,833	139,669,839	96.4	-	139,669,839	96.4

Source: City of Miami Beach Comprehensive Annual Financial Report, 2009.

- (1) Assessments as of January 1 of the year listed; bills mailed in October of that year; taxes become delinquent at the end of April of the subsequent year.
- (2) Breakdown between current and delinquent collections not available. Collections represent total of current and delinquent collections received during the year.
- N/A Information not available.

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The table below shows Ad valorem tax rates and Ad valorem tax levies for general government operations and debt service.

**City of Miami Beach, Florida  
Statement of Tax Levies and Tax Rates  
Fiscal Years 2000 through 2009**

<b>Fiscal Year Ended September 30,</b>	<b>General Fund</b>		<b>Debt Service Fund</b>		<b>Total</b>	
	<b>Tax Levy</b>	<b>Millage</b>	<b>Tax Levy</b>	<b>Millage</b>	<b>Tax Levy</b>	<b>Millage</b>
2000	54,569,368	7.499	8,724,986	1.199	63,294,354	8.698
2001	58,683,089	7.399	9,168,489	1.156	67,851,578	8.555
2002	64,965,443	7.299	9,585,941	1.077	74,551,384	8.376
2003	73,314,878	7.299	10,275,534	1.023	83,590,412	8.322
2004	83,494,502	7.299	9,997,835	0.874	93,492,337	8.173
2005	99,295,022	7.425	10,003,054	0.748	109,298,076	8.173
2006	123,778,681	7.481	9,795,078	0.592	133,573,759	8.073
2007	158,385,622	7.374	6,422,200	0.299	164,807,822	7.673
2008	140,410,733	5.656	6,007,673	0.242	146,418,406	5.898
2009	139,080,045	5.656	5,827,788	0.237	144,907,833	5.893

Source: City of Miami Beach Comprehensive Annual Financial Report, 2009,  
and City of Miami Beach Finance Department.

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**City of Miami Beach  
Computation of Direct and Overlapping Debt  
September 30, 2009**

**DIRECT DEBT**

General obligation indebtedness		
Public improvement bonds (net of amount available)		\$ 72,702,497
Non-self-supporting indebtedness <sup>(1)</sup>		
Gulf Breeze Government Loan Program	24,650,764	
Sunshine State Loan Program	2,930,000	
Pension Refunding Bonds	42,885,000	
Tax Increment Revenue Bonds	<u>83,740,000</u>	
	154,205,764	
Less: Reserve Funds	<u>7,075,334</u>	
Total non-self-supporting indebtedness		<u>147,130,430</u>
Total direct indebtedness		<u>219,832,927</u>

**OVERLAPPING DEBT <sup>(2)</sup>**

Miami-Dade County		
Total general obligation indebtedness	843,961,000	
Percent applicable to City – 10.7801% <sup>(3)</sup>		90,979,840
Total school district obligation indebtedness	405,070,000	
Percent applicable to City - 10.7801% <sup>(3)</sup>		43,666,951
Total net non-self-supporting indebtedness	2,207,501,800	
Percent applicable to City - 10.7801% <sup>(3)</sup>		<u>237,970,902</u>
Total overlapping debt		<u>372,617,693</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>		<u><b>\$592,450,620</b></u>

(1) Excludes self-supporting debt obligations.

(2) All debt listed as Overlapping Debt is secured either solely from a tax source or from a combination of self-supporting revenues and a tax source.

(3) Based upon 2009 assessed valuation figures for the City and Miami-Dade County.

**City of Miami Beach  
Summary of Direct and Overlapping Debt  
September 30, 2009**

**Financial Parameters**

Population (2008)	94,040
Total Certified Taxable Valuation - City of Miami Beach (Tax Year 2008)	\$ 26,898,698,386
Total Final Valuation - City of Miami Beach (Excluding Homestead) (Tax Year 2008) (1)	\$ 25,884,024,829

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Source: City of Miami Beach Finance Department

	<b>Financial Ratios 2009</b>		
	<u>Percent of Certified Taxable Valuation</u>	<u>Percent of Final Valuation</u>	<u>Per Capita</u>
<b>DIRECT DEBT</b>			
Ad Valorem	0.27%	0.28%	\$773
Non-Self Supporting	0.55%	0.57%	\$1,565
Total Direct Debt	0.82%	0.85%	\$2,338
Total Overlapping Debt	1.39%	1.44%	\$3,962
Total Direct and Overlapping Debt	2.20%	2.29%	\$6,300
<b>VALUATION</b>			
Total Assessed Valuation			\$286,035
Total Taxable Valuation			\$275,245

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Source: City of Miami Beach Finance Department

(1) Assessments as of January 1 of the year listed; bills mailed in October of that year; taxes

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## DEBT SERVICE REQUIREMENTS

### City of Miami Beach, Florida General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009-10	\$ 2,595,000	\$ 3,420,528	\$ 6,015,528
2010-11	2,705,000	3,312,847	6,017,847
2011-12	2,815,000	3,196,357	6,011,357
2012-13	2,955,000	3,049,837	6,004,837
2013-14	3,090,000	2,915,762	6,005,762
2014-15	3,220,000	2,773,822	5,993,822
2015-16	3,375,000	2,620,262	5,995,262
2016-17	3,555,000	2,438,153	5,993,153
2017-18	3,745,000	2,241,207	5,986,207
2018-19	3,950,000	2,032,960	5,982,960
2019-20	4,155,000	1,816,712	5,971,712
2020-21	4,365,000	1,607,159	5,972,159
2021-22	2,770,000	1,453,506	4,223,506
2022-23	2,205,000	1,335,781	3,540,781
2023-24	2,300,000	1,242,069	3,542,069
2024-25	2,395,000	1,144,319	3,539,319
2025-26	2,500,000	1,042,531	3,542,531
2026-27	2,610,000	933,156	3,543,156
2027-28	2,725,000	818,969	3,543,969
2028-29	2,845,000	699,750	3,544,750
2029-30	2,970,000	571,725	3,541,725
2030-31	3,105,000	438,075	3,543,075
2031-32	3,245,000	298,350	3,543,350
2032-33	3,385,000	152,325	3,537,325
Total	<u>\$ 73,580,000</u>	<u>\$ 41,556,162</u>	<u>\$ 115,136,162</u>

Source: City of Miami Beach Finance Department

## **LITIGATION**

There is no litigation or other proceedings, of any nature now pending with regard to which the City has received service of process or, to the actual knowledge of the City, threatened against the City, with regard to which an unfavorable decision, ruling or finding (i) would materially and adversely affect the validity or enforceability of the Bonds, or (ii) would have a material adverse effect on the levy and collection of the ad valorem taxes pledged to the payment of the Bonds.

## **CHARTER AMENDMENT**

On June 3, 1997, a majority of voters in the City approved a Charter amendment, which was initiated by a citizen's petition drive. This Charter amendment requires a City-wide referendum prior to the approval of any increase in the permitted floor area ratio on any waterfront property located in the City. Prior to the approval of this Charter amendment citizens were able to participate in public hearings with regard to increases in floor area ratio on parcels of waterfront land within the City, but there was no requirement of a referendum as a condition for approval of such increases.

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## PARKING DEBT

Parking Revenue Fund indebtedness at September 30, 2009, is comprised of the following issued indebtedness:

\$21,000,000	1997 Special Obligation Bonds due in annual installments through 2022: interest at 4.00% - 5.125%	<u>\$ 20,340,000</u>
\$ 8,143,046	2001 Gulf Breeze Loan Pool due in annual installments through 2015: interest at 3.875% - 4.75%	<u>\$ 4,669,228</u>

A portion of the Gulf breeze 1985 C outstanding debt relates to the construction of a Parking Garage. The Parking Enterprise Fund includes an outstanding amount of \$4,669,228 that relates to this debt.

<b>Number of Parking Spaces</b>	<u>9/30/09</u>
On-Street (Metered)	3,888
Off-Street Lots	4,559
Garages and attended lots	<u>4,930</u>
Total	<u>13,377</u>

### Parking Rates

On-Street Meters: The rates at on-street meters are either \$.50 or \$1.00 per hour in Middle and North Beach; and \$1.25 per hour south of 23<sup>rd</sup> Street. Similarly, time limits at the meters range from one hour to twelve hours, depending on rate and location. In general, the short-term meters are located to serve customers of nearby businesses and promote turnover of the parking spaces. The longer-term meters serve employees and visitors to some beach areas.

Parking Lots: The rates at metered parking lots are \$.50, \$1.00, or \$1.25 per hour south of 23<sup>rd</sup> Street. Lower rates are generally located at long-term lots and the higher rates at the short term lots. Generally, when surface parking lots are used for special events, a flat rate of \$15.00 per vehicle is charged upon entry. Parking lots have both transient revenues, and monthly permit parking revenues. Monthly parking revenues are at the rate of \$70.00 per month plus tax for all municipal parking lots.

Garages: The 7<sup>th</sup> Street, 12<sup>th</sup> Street, 13<sup>th</sup> Street Municipal Parking Garages charge for parking at the rate of \$1.00 per hour, or any part thereof up to fifteen hours for \$15.00. A maximum rate of \$20.00 per 24-hour maximum is charged. Monthly parking revenues are at the rate of \$70.00 per month plus tax for all garages. Storage in municipal parking garages is prohibited. The 42<sup>nd</sup> Street Garage charges \$1.00 per hour up to twenty-four hours with a maximum of \$8.00 for the entire day. The 17<sup>th</sup> Street Garage charges \$1.00 per hour up to six hours, six hours to seven hours charge is \$8.00, seven to eight hours charge is \$10.00, eight to fifteen hours charge is \$15.00, and fifteen hours to twenty-four hours charge is \$20.00.

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**City of Miami Beach, Florida**  
**Table of Historical Parking System Net Revenues,**  
**Debt Service, and Debt Service Coverage**  
**Fiscal Years Ending September 30, 2000 Through September 30, 2009**  
**(Thousands)**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues	\$ 17,945	\$ 22,208	\$ 22,848	\$ 23,342	\$ 24,572	\$ 29,450	\$ 26,059	\$ 31,571	\$ 31,417	\$ 33,478
Current Expenses	7,728	7,660	9,793	11,161	12,083	14,192	15,442	17,741	19,612	19,908
Net Revenues (Available for Debt Service)	10,217	14,548	13,055	12,181	12,489	15,258	10,617	13,830	11,805	13,570
Debt Service	2,177	2,178	2,181	2,951	2,971	2,966	2,968	2,969	2,967	2,967
Debt Service Coverage Ratio	4.69	6.68	5.99	4.13	4.20	5.14	3.58	4.66	3.98	4.57

Source: City of Miami Beach Finance Department

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**City of Miami Beach, Florida  
Parking Debt Service Requirements**

FY	Series 1997 Revenue Bonds		Gulf Breeze Loan		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2010	\$ 1,145,000	\$ 1,032,681	\$ 582,294	\$ 208,003	\$ 1,727,294	\$ 1,240,684	\$ 2,967,978
2011	1,205,000	975,431	605,876	183,191	1,810,876	1,158,622	2,969,498
2012	1,265,000	915,181	629,458	154,580	1,894,458	1,069,761	2,964,219
2013	1,325,000	851,932	662,110	122,291	1,987,110	974,223	2,961,333
2014	1,395,000	785,681	694,762	88,369	2,089,762	874,050	2,963,812
2015	1,460,000	715,931	729,228	53,681	2,189,228	769,612	2,958,840
2016	1,535,000	642,931	765,500	18,181	2,300,500	661,112	2,961,612
2017	1,615,000	564,263			1,615,000	564,263	2,179,263
2018	1,695,000	481,494			1,695,000	481,494	2,176,494
2019	1,785,000	394,625			1,785,000	394,625	2,179,625
2020	1,875,000	303,144			1,875,000	303,144	2,178,144
2021	1,970,000	207,050			1,970,000	207,050	2,177,050
2022	2,070,000	106,088			2,070,000	106,088	2,176,088
	<u>\$ 20,340,000</u>	<u>\$ 7,976,432</u>	<u>\$ 4,669,228</u>	<u>\$ 828,296</u>	<u>\$ 25,009,228</u>	<u>\$ 8,804,728</u>	<u>\$ 33,813,956</u>

### **Incurrence of Additional Parking System Debt**

The City did not issue any additional Parking Revenue Bonds in Fiscal Year 2009, but may be issuing additional Parking Revenue Bonds during Fiscal Year 2010.

### **Expansion of Parking System**

During Fiscal Year 2009 there was a 51 parking space gain in the City's off-street parking lots as a result of the reconfiguration of Lot #61 and Lot #108.

### **Reduction of Parking System**

There was a 411 space reduction in the 17<sup>th</sup> Street Lots during Fiscal Year 2009 to allow for the construction of the Pennsylvania Avenue Garage scheduled to be completed in the summer of 2010. This garage will add approximately 523 spaces to the parking inventory.

### **Insurance Coverage**

Liability insurance for the Parking System is provided through the City of Miami Beach Self-Insurance Fund. All claims for bodily injury and property damage for which the City becomes liable are covered in accordance with and subject to the limitations of Section 768.28, Florida Statutes.

The City carries a policy of all risk property coverage, excluding windstorm, in the amount of \$200,000,000, with a \$100,000 deductible. The windstorm property coverage that the City carries is in the amount of \$10,000,000, in which the deductible is 5% of the location value (each structure) with a maximum of \$10,000,000. These policies cover all City-owned properties, including those of the Parking System. The City also carries a policy of flood insurance up to \$1,000,000 per location, through the National Flood Insurance program.

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## THE WATER AND SEWER UTILITY

### Existing Arrangements with the County

There were no changes to the existing arrangements with the County.

### Rates, Fees and Charges

On September 24, 2009, the City Commission amended Section A to Article IV of Chapter 110 (Utilities - Fees, Charges Rates and Billing Procedure, Division 2. Rates, Fees and Charges) of the Miami Beach City Code as follows (Ordinance #2009-3653):

110-166(a) – Minimum Service Charge, effective for billings on or after October 1:

<b>Size of Meter</b>	<b>Gallons of Water per Month</b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
¾"	5,000	\$ 11.30	\$ 11.55	\$ 11.88	\$ 12.13	\$ 12.38	\$ 13.95	\$ 16.15	\$ 19.40	\$ 21.80
1"	7,000	15.82	16.17	16.60	16.95	17.30	19.53	22.61	27.16	30.52
1½"	11,000	24.86	25.41	26.04	26.59	27.14	30.69	35.53	42.68	47.96
2"	17,000	38.42	39.27	40.20	41.05	41.90	47.43	54.91	65.96	74.12
3"	40,000	90.40	92.40	94.48	96.48	98.48	111.60	129.20	155.20	174.40
4"	80,000	180.80	184.80	188.88	192.88	196.88	223.20	258.40	310.40	348.80
6"	120,000	271.20	277.20	283.28	289.28	295.28	334.80	387.60	465.60	523.30
8"	200,000	452.00	462.00	472.08	482.08	492.08	558.00	646.00	776.00	872.00

110-166(b) – Water in excess of subsection 110-166(a) for billings on or after October 1:

	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
Per 1,000 gallons	\$2.26	\$2.31	\$2.44	\$2.49	\$2.54	\$2.79	\$3.23	\$3.88	\$4.36

110-168(a) – Sanitary sewer service charge for billings on or after October 1:

	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
Per 1,000 gallons	\$3.81	\$3.90	\$4.03	\$4.12	\$4.21	\$4.25	\$4.93	\$5.62	\$6.04

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**City of Miami Beach, Florida**  
**Table of Historical Water and Sewer Utility Net Revenues,**  
**Debt Service, and Debt Service Coverage**  
**Fiscal Years Ending September 2001 through September 30, 2009 (Thousands)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues:									
Water	\$ 19,243	\$ 19,376	\$ 19,352	\$ 21,562	\$ 22,183	\$ 23,597	\$ 23,031	\$ 25,552	\$ 30,689
Wastewater	29,033	27,945	28,617	27,165	31,922	26,717	28,150	28,814	33,254
Total Revenues	<u>\$ 48,276</u>	<u>\$ 47,321</u>	<u>\$ 47,969</u>	<u>\$ 48,727</u>	<u>\$ 54,105</u>	<u>\$ 50,314</u>	<u>\$ 51,181</u>	<u>\$ 54,366</u>	<u>\$ 63,943</u>
Current Expenses:									
Water	\$ 11,433	\$ 11,738	\$ 12,083	\$ 13,441	\$ 13,990	\$ 16,602	\$ 16,568	\$ 17,681	\$ 18,712
Wastewater	20,325	21,800	20,575	19,342	21,636	18,797	20,249	19,938	20,271
Total Current Exp.	<u>\$ 31,758</u>	<u>\$ 33,538</u>	<u>\$ 32,658</u>	<u>\$ 32,783</u>	<u>\$ 35,626</u>	<u>\$ 35,399</u>	<u>\$ 36,817</u>	<u>\$ 37,619</u>	<u>\$ 38,983</u>
Net Revenues: (Available for Debt Service)	<u>\$ 16,518</u>	<u>\$ 13,783</u>	<u>\$ 15,311</u>	<u>\$ 15,944</u>	<u>\$ 18,479</u>	<u>\$ 14,915</u>	<u>\$ 14,364</u>	<u>\$ 16,747</u>	<u>\$ 24,960</u>
Total Debt Service	<u>\$ 7,918</u>	<u>\$ 7,787</u>	<u>\$ 7,784</u>	<u>\$ 7,788</u>	<u>\$ 7,788</u>	<u>\$ 4,148</u>	<u>\$ 8,752</u>	<u>\$ 8,812</u>	<u>\$ 8,927</u>
Debt Service Coverage	<u>2.09</u>	<u>1.77</u>	<u>1.97</u>	<u>2.05</u>	<u>2.37</u>	<u>3.60</u>	<u>1.64</u>	<u>1.90</u>	<u>2.80</u>

Source: City of Miami Beach Finance Department

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## THE STORMWATER UTILITY

### Rates, Fees and Charges

On September 24, 2009, the City Commission amended Article III of Chapter 110 (Stormwater Utility) of the Miami Beach City Code as follows (Ordinance #2009-3652):

110-109(c) – Stormwater utility service charge effective for billings on or after October 1:

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Per equivalent residential unit (ERU)	\$ 4.00	\$ 5.50	\$ 5.80	\$ 5.80	\$ 5.80	\$ 5.80	\$ 5.80	\$ 7.42	9.06

**City of Miami Beach, Florida**  
**Table of Historical Stormwater Utility Net Revenues,**  
**Debt Service, and Debt Service Coverage**  
**Fiscal Years Ending September 2003 through September 30, 2009**  
**(Thousands)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues:							
Stormwater	<u>\$ 10,471</u>	<u>\$ 10,751</u>	<u>\$ 10,967</u>	<u>\$ 9,583</u>	<u>\$ 10,248</u>	<u>\$ 8,493</u>	<u>\$ 10,002</u>
Total Revenues	<u>\$ 10,471</u>	<u>\$ 10,751</u>	<u>\$ 10,967</u>	<u>\$ 9,583</u>	<u>\$ 10,248</u>	<u>\$ 8,493</u>	<u>\$ 10,002</u>
Current Expenses:							
Stormwater	<u>\$ 1,330</u>	<u>\$ 1,795</u>	<u>\$ 2,251</u>	<u>\$ 1,967</u>	<u>\$ 2,458</u>	<u>\$ 3,190</u>	<u>\$ 2,875</u>
Total Current Exp.	<u>\$ 1,330</u>	<u>\$ 1,795</u>	<u>\$ 2,251</u>	<u>\$ 1,967</u>	<u>\$ 2,458</u>	<u>\$ 3,190</u>	<u>\$ 2,875</u>
Net Revenues: (Available for Debt Service)	<u>\$ 9,141</u>	<u>\$ 8,956</u>	<u>\$ 8,716</u>	<u>\$ 7,616</u>	<u>\$ 7,790</u>	<u>\$ 5,303</u>	<u>\$ 7,127</u>
Total Debt Service	<u>\$ 3,569</u>	<u>\$ 3,570</u>	<u>\$ 3,569</u>	<u>\$ 3,571</u>	<u>\$ 3,571</u>	<u>\$ 3,569</u>	<u>\$ 3,570</u>
Debt Service Coverage	<u>2.56</u>	<u>2.51</u>	<u>2.44</u>	<u>2.13</u>	<u>2.18</u>	<u>1.49</u>	<u>2.00</u>

Source: City of Miami Beach Finance Department



# MIAMIBEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

OFFICE OF THE CITY MANAGER

Tel: (305) 673-7010, Fax: (305) 673-7782

May 19, 2010

DAC

Attn: Diana O'Brien

390 N. Orange Ave., Suite 1750

Orlando, FL 32801

**Re: Annual Report for the Miami Beach Redevelopment Agency, and the City of Miami Beach, Florida, in accordance with Continuing Disclosure Requirements of SEC Rule 15c2-12**

In accordance with undertakings of the City of Miami Beach (the "City") and the Miami Beach Redevelopment Agency (the "Agency") regarding continuing disclosure made pursuant to SEC Rule 15c2-12(b)(5)(i), by the Resolutions adopted by the Mayor and City Commission of the City and by the Chairman and Members of the Agency, described below, enclosed is the annual financial information and operating data for the Fiscal Year ending on September 30, 2009, as described in the respective undertakings for the following bond issues of the Agency:

\$29,105,000 Miami Beach Redevelopment Agency, Tax Increment Revenue Bonds, Taxable Series 1998A (City Center/Historic Convention Village) and \$9,135,000 Miami Beach Redevelopment Agency, Tax Increment Revenue Bonds, Series 1998B (City Center/Historic Convention Village), (the Series 1998B Bonds were paid off in fiscal year 2009):

- Official Statement Dated July 22, 1998
- City Resolution No. 98-22820 adopted on July 1, 1998, and Agency Resolution No. 297-98, adopted on July 1, 1998, and the Continuing Disclosure Agreement, dated as of July 1, 1998.

\$51,440,000 Miami Beach Redevelopment Agency, Tax Increment Revenue Refunding Bonds, Taxable Series 2005A (City Center/Historic Convention Village) and \$29,330,000 Miami Beach Redevelopment Agency, Tax Increment Revenue Refunding Bonds, Series 2005B (City Center/Historic Convention Village):

- Official Statement Dated August 25, 2005
- City Resolution No. 2005-25970 adopted on July 27, 2005, and Agency Resolution No. 511-2005 adopted on July 27, 2005, and the Continuing Disclosure Agreement dated September 22, 2005.

Such information and operating data are hereinafter collectively called the "Fiscal Year 2009 Annual Information."

The information is for the Fiscal Year of the Agency ended September 30, 2009, and

constitutes the annual information, agreed to be provided under the provisions regarding continuing disclosure set forth in the Resolutions adopted at the time of the primary offerings referenced above. No representation is made as to the materiality or completeness of that information. Other relevant information for that period may exist, and matters may have occurred or become known during or since that period, which an investor would consider to be material to the making of an investment decision. Further, no representation is made that such information is indicative of financial or operating results of the Agency or the City since the end of that Fiscal Year or of future financial or operating results.

Any questions concerning this filing should be directed to Patricia D. Walker, 1700 Convention Center Drive, Miami Beach, Florida 33139; Telephone (305) 673-7466.

Very truly yours,

A handwritten signature in black ink, appearing to read "P. Walker", written in a cursive style.

Patricia D. Walker  
Chief Financial Officer of the  
City of Miami Beach, and the  
Miami Beach Redevelopment Agency

**MIAMI BEACH REDEVELOPMENT AGENCY  
AND  
CITY OF MIAMI BEACH, FLORIDA  
REPORT OF ANNUAL FINANCIAL INFORMATION  
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2009**

The following provides, in accordance with provisions regarding continuing disclosure set forth in (1) Resolution No. 98-22820, adopted by the Mayor and City Commission of the City of Miami Beach (the "City"), on July 1, 1998, and Resolution No. 297-98, adopted by the Chairman and Members of the Miami Beach Redevelopment Agency (the "Agency") on July 1, 1998 (the "1998 Bond Resolution"), the Continuing Disclosure Agreement, dated as of July 1, 1998, by and among the City, the Agency and First Union National Bank (or its successor), as trustee (the "1998 Continuing Disclosure Agreement"), (2) Resolution No. 2005-25970, adopted by the Mayor and City Commission of the City of Miami Beach (the "City"), on July 27, 2005, and Resolution No. 511-2005, adopted by the Chairman and Members of the Miami Beach Redevelopment Agency (the "Agency") on July 27, 2005 (the "2005 Bond Resolution"), the Continuing Disclosure Agreement, dated as of September 22, 2005, by and among the City, the Agency and Wachovia National Bank, National Association (or its successor), as trustee (the "2005 Continuing Disclosure Agreement"), and SEC Rule 15c2-12(b)(5)(i), annual financial information and operating data for the Agency's and the City's fiscal year ended September 30, 2009 ("Fiscal Year 2009") of the type included in the final official statement for its primary offerings of:

\$29,105,000 Miami Beach Redevelopment Agency, Tax Increment Revenue Bonds, Taxable Series 1998A (City Center/Historic Convention Village);

\$ 9,135,000 Miami Beach Redevelopment Agency, Tax Increment Revenue Bonds, Series 1998B (City Center/Historic Convention Village), (paid off in fiscal year 2009);

\$51,440,000 Miami Beach Redevelopment Agency, Tax Increment Revenue Refunding Bonds, Taxable Series 2005A (City Center/Historic Convention Village); and,

\$29,330,000 Miami Beach Redevelopment Agency, Tax Increment Revenue Refunding Bonds, Series 2005B (City Center/Historic Convention Village).

The above annual financial information and operating data are hereinafter collectively referred to as the "Fiscal Year 2009 Annual Information."

The Fiscal Year 2009 Annual Information constitutes only the annual financial information and operating data agreed to be provided pursuant to the provisions regarding continuing disclosure in the Bond Resolutions adopted at the time of the primary offerings referenced above and the Continuing Disclosure Commitments, dated as of July 1, 1998, and September 22, 2005. No representation is made as to the materiality or completeness of that information.

Other relevant information for Fiscal Year 2009 may exist, and matters may have occurred or become known during or since that period, which a reasonable investor would consider to be important when making an investment decision. Further, no representation is made that the Fiscal Year 2009 Annual Information is indicative of financial operating results of the Agency or the City since the end of Fiscal Year 2009 or future financial or operating results.

**MIAMI BEACH REDEVELOPMENT AGENCY**

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## INTRODUCTION

This Report of Annual Financial Information is being filed with each of the National Recognized Securities Information Repositories pursuant to the provisions regarding continuing disclosure set forth in (1) Resolution No. 98-22820, adopted by the Mayor and City Commission of the City of Miami Beach (the "City"), on July 1, 1998, and Resolution No. 297-98, adopted by the Chairman and Members of the Miami Beach Redevelopment Agency (the "Agency") on July 1, 1998 (the "1998 Bond Resolution"), and the Continuing Disclosure Agreement, dated as of July 1, 1998, and (2) Resolution No. 2005-25970, adopted by the Mayor and City Commission of the City of Miami Beach (the "City"), on July 27, 2005, and Resolution No. 511-2005, adopted by the Chairman and Members of the Miami Beach Redevelopment Agency (the "Agency") on July 27, 2005 (the "2005 Bond Resolution" and, collectively with the 1998 Bond Resolutions, hereinafter referred to as the "Resolutions"), the Continuing Disclosure Agreement, dated as of September 22, 2005, (collectively, the Disclosure Provisions"), in connection with the issuance of:

\$29,105,000 Miami Beach Redevelopment Agency, Tax Increment Revenue Bonds, Taxable Series 1998A (City Center/Historic Convention Village);

\$ 9,135,000 Miami Beach Redevelopment Agency, Tax Increment Revenue Bonds, Series 1998B (City Center/Historic Convention Village) (collectively, hereinafter referred to as the "Series 1998 Bonds"), (paid off in fiscal year 2009);

\$51,440,000 Miami Beach Redevelopment Agency, Tax Increment Revenue Refunding Bonds, Taxable Series 2005A (City Center/Historic Convention Village); and

\$29,330,000 Miami Beach Redevelopment Agency, Tax Increment Revenue Refunding Bonds, Series 2005B (City Center/Historic Convention Village) (collectively, hereinafter referred to as the "Series 2005 Bonds").

The Disclosure Provisions were executed and delivered for the benefit of the holders, owners and beneficial owners of each series of bonds and in order to assist the underwriters of each series of Bonds in complying with the terms and provisions of Rule 15c2-12 adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. §240.115c2-12).

In connection with the issuance of each series of Bonds, the Agency delivered Official Statements dated July 22, 1998 (as to the 1998 Bonds), and August 25, 2005 (as to the 2005 Bonds).

Capitalized terms used herein, and not otherwise defined, shall have the meanings set forth in the Official Statement.

## TAX INCREMENT REVENUE BONDS

### Debt Service Coverage

The following table sets forth the actual annual debt service for the Series 1998 Bonds and the Series 2005 Bonds and debt service coverage provided from the Net Trust Fund Revenues and Supplemental Revenues.

	<u>Fiscal Year Ending September 30</u>			
	2006	2007	2008	2009
Trust Fund Revenues	\$ 24,934,704	\$ 34,521,406	32,496,438	33,446,103
Annual Operating and Administration Costs	500,000	500,000	500,000	500,000
Net Trust Fund Revenues	<u>24,434,704</u>	<u>34,021,406</u>	<u>31,996,438</u>	<u>32,946,103</u>
Resort Tax Revenues	34,265,010	36,595,885	38,100,260	37,412,291
Less: Resort Tax Bonds <sup>(4)</sup>	297,206	3,361,456	-	-
Supplemental Revenues	<u>33,967,804</u>	<u>33,234,429</u>	<u>38,100,260</u>	<u>37,412,291</u>
Total Available for Debt Service <sup>(1)</sup>	<u>58,402,508</u>	<u>67,255,835</u>	<u>70,096,698</u>	<u>70,358,394</u>
Series 1993 Bonds Debt Service <sup>(2)</sup>	-	-	-	-
Series 1996 Bonds Debt Service <sup>(5)</sup>	1,089,501	1,094,194	-	-
Series 1998 Bonds Debt Service <sup>(6)</sup>	1,936,513	1,937,295	1,933,798	1,935,740
Series 2005 Bonds Debt Service <sup>(3)</sup>	2,660,212	5,327,525	6,441,756	6,438,957
Total Debt Service	<u>5,686,226</u>	<u>8,359,014</u>	<u>8,375,554</u>	<u>8,374,697</u>
Coverage Ratio	<u>10.27</u>	<u>8.05</u>	<u>8.37</u>	<u>8.40</u>

Source: City of Miami Beach Finance Department

<sup>(1)</sup> Net Trust Fund Revenues plus Supplemental Revenues.

<sup>(2)</sup> The Series 1993 Bonds were fully defeased by the Series 2005 bonds in FY 2005.

<sup>(3)</sup> The Series 2005 Bonds did not have any principal payment due in FY 2006.

<sup>(4)</sup> The Resort Tax Bonds were fully defeased in FY 2007.

<sup>(5)</sup> The Series 1996 Bonds matured on December 1, 2006.

<sup>(6)</sup> The Series 1998B Bonds matured on December 1, 2008.

## Historical Taxable Real Property and Tax Increment Revenues

The following table sets forth historical collections of Tax Increment Revenues in the City Center Historic Convention Village Redevelopment Area for Fiscal Years 1993 through 2009:

### Miami Beach Redevelopment Agency Historical Taxable Real Property and Tax Increment Revenues City Center Historic Convention Village

Tax Year (FY Ended Sept. 30)	Total Taxable Real Property	Increment of Taxable Real Property	Annual Change in Taxable Values	County Millage	City Millage	County Payments at 95%	City Payments at 95%	Total Tax Increment
Base/ 1992 (FY93)	\$ 292,572,271							
1993 (FY94)	\$ 373,316,447	\$ 80,744,176	27.6%	7.289	8.238	\$ 559,117	\$ 631,912	\$ 1,191,029
1994 (FY95)	470,779,626	178,207,355	26.1%	7.289	7.143	1,234,006	1,209,288	2,443,294
1995 (FY96)	491,677,581	199,105,310	4.4%	6.826	7.499	1,291,517	1,418,436	2,709,953
1996 (FY97)	497,342,509	204,770,238	1.2%	6.469	7.499	1,258,426	1,458,793	2,717,219
1997 (FY98)	531,364,583	238,792,312	6.8%	6.023	7.499	1,366,334	1,701,168	3,067,502
1998 (FY99)	609,832,451	317,260,180	14.8%	6.023	7.499	1,815,315	2,260,117	4,075,432
1999 (FY00)	894,145,474	601,573,203	46.6%	5.809	7.499	3,319,812	4,285,638	7,605,450
2000 (FY01)	1,021,968,290	729,396,019	14.3%	5.751	7.399	3,985,019	5,126,961	9,111,980
2001 (FY02)	1,218,222,763	925,650,492	19.2%	5.713	7.299	5,023,829	6,418,507	11,442,336
2002 (FY03)	1,359,799,118	1,067,226,847	11.6%	5.889	7.299	5,970,654	7,400,204	13,370,858
2003 (FY04)	1,498,627,666	1,206,055,395	10.2%	5.969	7.299	6,838,997	8,362,848	15,201,845
2004 (FY05)	1,633,198,959	1,340,626,688	9.0%	5.935	7.425	7,558,788	9,456,446	17,015,234
2005 (FY06)	2,270,499,203	1,977,926,932	39.0%	5.835	7.481	10,964,143	14,057,028	25,021,171
2006 (FY07)	3,003,565,939	2,710,993,668	32.3%	5.615	7.374	14,452,835	18,991,324	33,444,159
2007 (FY08)	3,585,310,480	3,292,738,209	19.4%	4.5796	5.656	14,325,453	17,690,977	32,016,430
2008 (FY09)	3,707,103,133	3,414,530,862	3.4%	4.8379	5.656	15,693,201	18,345,335	34,038,536
2009 (FY10)	3,446,724,524	3,154,152,253	-7.0%	4.8379	5.656	14,496,500	16,946,393	31,442,893

Source: City of Miami Beach Finance Department

### Release of Pledge of Supplemental Revenues

There has been no release of the pledge of Supplemental Revenues during Fiscal Year 2009.

### Additional Debt Payable from Pledged Funds

No debt payable from Pledged Funds was issued during Fiscal Year 2009.

### **Additional Debt Payable from Resort Tax Revenues or Supplemental Revenues**

No bonds payable from Resort Tax Revenues or Supplemental Revenues were issued in Fiscal Year 2009.

### **Changes in the Resort Tax with Respect to Percentage Rate Imposed or Exemptions Therefrom**

There were no changes in Resort Tax in Fiscal Year 2009 with respect to the percentage rate imposed or the exemptions therefrom.



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