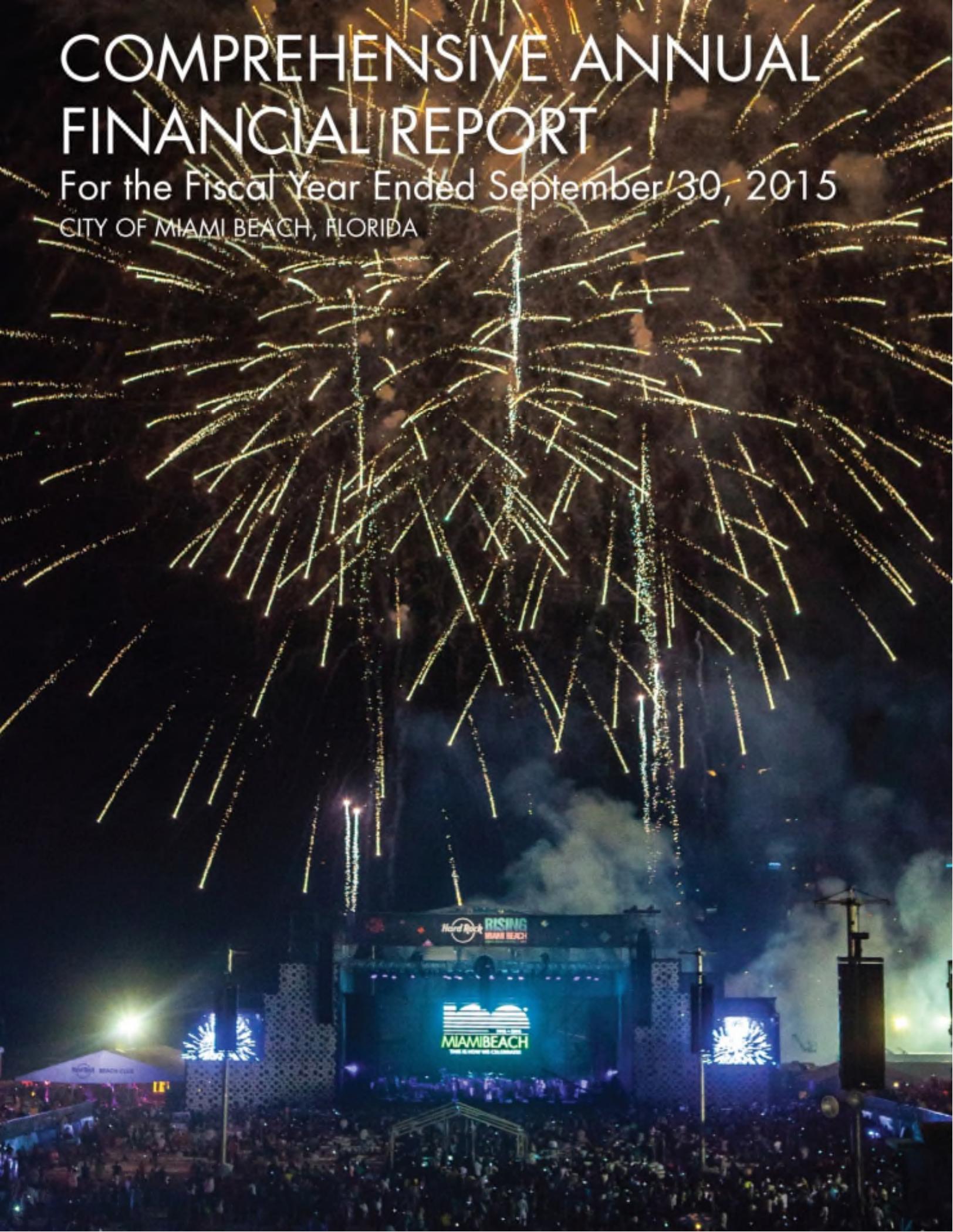


# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2015  
CITY OF MIAMI BEACH, FLORIDA



**City of Miami Beach, Florida**

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2015**

**Jimmy L. Morales**  
City Manager

**Allison R. Williams**  
Chief Financial Officer

Report prepared by: Finance Department

Cover picture  
City of Miami Beach Centennial Celebration  
Photo credit: Jenna Lamb, Lamb Studios  
<http://web.miamibeachfl.gov/>

**City of Miami Beach, Florida  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2015**

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MIAMIBEACH

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# INTRODUCTORY SECTION

# MIAMIBEACH

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

April 29, 2016

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, 2015.

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 component 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 and for the City Commission to appoint an audit committee to make the selection of the independent auditor. Crowe Horwath LLP was selected by the audit committee and 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 unmodified opinion and that the City's basic financial statements for the fiscal year ended September 30, 2015 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, the State of Florida Single Audit Act in accordance with OMB Circular A-133 and Florida Rules of the Auditor General, Section 10.550. 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 provides 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 complement 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 Commissioners. The City operates under a Commission-Manager form of government. The term for the Mayor is two years, with a lifetime term limit of three two-year terms. The term for the Commissioners is four years, with a lifetime term limit of two four-year terms. The Commission is responsible, among other things, for passing ordinances, adopting the budget, approval of property tax levies, authorizing and approving debt secured by the full faith and credit of the City or any of its revenue streams, appointing committees, and hiring the City's manager, clerk, and attorney. The City 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 various departments with the consent of the City Commission.

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, public transportation, neighborhood and 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, Other Post-Employment Benefits (OPEB) Trust, 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. Prior to the first public hearing required by state law, the City Commission is presented with a proposed budget. The proposed budget includes anticipated expenditures and the means for funding them. After Commission review and two public hearings, the budget is adopted. 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's budget. Increases to funds or a 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.

## **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 \$4 billion in direct tourist spending on hotel, food, and beverage, and also a large portion of the City's \$1 billion retail marketplace. In 2015, the City's hotels hosted more than 7 million overnight visitors, and approximately 4 million tourists visited South Beach and the Art Deco Historic district. Additionally, the City is a regional destination with approximately 9 to 11 million day-trips by residents of the surrounding area, making the City one of the most popular attractions in Florida.

In 2015, hotel room occupancy was 74.5%, down from 78% in 2014, reflecting continued absorption of an inventory of hotel rooms that has increased significantly from 14,138 in 2008 to 19,545 for 2015. This additional inventory has provided the City with additional hotel room resources and product that will continue to attract visitors and additional investment over the long term. It is important to note that, since the second quarter of 2008, room night demand has shown year over year increases.

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The City's unemployment rate of 4.6% at September 30, 2015 is below comparable geographies, such as 6.2% for Miami-Dade County, 5.5% for Florida, and the national rate of 6.1%. It was also a significant drop from a local unemployment rate of 9.5% in 2011.

In recent years, the City has diversified beyond its traditional tourism based economy to become a leading multi-industry business center with entertainment, health care, culture, and professional services industries. We have attracted major television series and movies to the City, including *Ballers* (HBO), *Alvin and the Chipmunks*, and *Arms and the Dudes*. The City hosted eMerge Americas Conference, for the second year in a row showcasing the best and brightest technology innovators and entrepreneurs, including Rokk3rlabs, a tech hub that is based in Miami Beach. In 2015, the world's most prestigious art fair, Art Basel, based in Switzerland, celebrated the thirteenth anniversary of its Miami Beach exhibition, with attendance and sales increasing year over year. In addition, the City hosted the inaugural Maison & Objet Americas, a world-renowned interior design trade show that attracted thousands of international visitors. The trade show will return in 2016 in the hopes of establishing an annual trademark event in Miami Beach.

Retail tenants continue to open locations and expand in the City, joining established operations such as Armani Exchange, Kenneth Cole, Urban Outfitters, Diesel, Nicole Miller, Forever 21, H&M, The Gap, and a newly expanded flagship Apple Store. As of September 30, 2015, Class A office space in prime locations continues to generate interest with a vacancy rate of approximately 5%, anchored by corporate tenants such as LNR Property Corporation, Terranova, and Benetton and recently added co-space operator WeWork.

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; and many international talent and model agencies have established and continue operations in the City. The City continues to grow as an international destination for major events. In addition to Art Basel Miami Beach, Design Miami, the South Beach Food and Wine Festival, the Miami International Auto Show, the South Beach Comedy Festival, Yachts Miami Beach show, and the Winter Music Conference continue to provide a strong base that supplements the meeting and trade show segment.

## **Centennial Celebration**

The City of Miami Beach turned 100 years old in 2015. To commemorate the historic event, the City hosted a spectacular 100-hour non-stop celebration in March, 2015 featuring a fashion show, a car show, a world class tennis exhibition, and an Oceanside mega concert. The centennial concert included performances by some of the world's leading artists, providing an unprecedented platform from which the City focused on protecting the spectacular marine and coastal ecology with an emphasis on climate change strategies for the future and creating awareness for a global climate initiative.

## **Convention Center Renovation**

The Miami Beach Convention Center (the "Center"), originally built in 1957, is undergoing a \$550 million renovation and expansion. Once completed the Center will set a high standard of excellence and redefine meeting and entertainment solutions when hosting large-scale business, trade, civic, and cultural events. The City's professional design team, consisting of nationally recognized Fentress Architects, the local design firm of Arquitectonica, and international landscape architects West 8, have designed a Center that will position itself among the top globally significant convention centers in the world.

The new 1.4 million square foot, LEED certified facility will include a state-of-the-art 60,000 square foot grand ballroom, additional meeting rooms with flexible arrangements, a 20,000 square foot glass rooftop junior ballroom, advanced technology, and new versatile indoor/outdoor public spaces. For added convenience, 800 parking spaces located across from the Center will be relocated within the footprint of the building thus allowing the 5.8 acre parking lot to be converted into a public park surrounded by canopy trees, a flexible lawn area, a food pavilion, and a public plaza to honor the City's veterans. The park has potential to become the new civic "heart" of Miami Beach. The transformation will enable the Center to keep up with the demands of the competitive national and international convention community, while new outdoor public spaces will create improved walkability, connecting the Center and the City's adjacent historical cultural district and resorts.

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## Infrastructure

The City conducted a community survey in 2014 which identified storm drainage as a key issue for residents. Only 25% of residents rated storm drainage as excellent or good. In fact, nearly nine out of ten residents (87%) claimed they would support the City spending tax dollars to address rising sea levels. Two new committees were formed to address the City's current and future drainage issues, the Mayor's Blue Ribbon Panel on Flood Mitigation and the Sustainability & Resiliency Committee. In response to the rising tides the City's strategic plan includes key intended outcomes to ensure reliable storm water management and resiliency against flooding. During the past year, the City entered into a partnership with Harvard University on a multi-year study of adaptive strategies on the impact of sea level rise for coastal communities in South Florida.

## Budgeting

Although the development of our budget this year has been challenging, through rigorous review and good leadership, the Adopted Work Plan and Budget for fiscal year ended September 30, 2015 was balanced and enables the City to continue delivering outstanding, enhanced services to our residents, businesses and visitors, and continuing structural enhancements to ensure the long-term sustainability of the City. Between fiscal year 2008 and 2015, the General Fund absorbed almost \$51 million in reductions and eliminated 295.5 full-time and 11 part-time positions across all funds. Combined with approximately \$27.8 million in employee "give-backs" achieved between fiscal year 2010 and 2015, this represents \$78.7 million in combined "give-backs" and reductions over 8 years.

**Adopted tax rates:** The millage rate is the tax per dollar of assessed value of property. The rate is expressed in "mills", where one mill is one-tenth of a cent (\$0.001). The City Commission adopted a total combined millage rate for the City of 6.0237 mills. The total adopted operating millage is 5.7942 mills, including a general operating millage rate of 5.6859 mills and a general fund capital renewal and replacement rate of 0.1083 mills. The adopted voted debt service millage rate is decreased from 0.2529 to 0.2295, a decrease of 0.0234 mills. Further, although the City increased the operating tax rate by 0.56 mills in fiscal year ended September 30, 2011, the City's adopted combined millage rate is now the same as in fiscal year ending 2010 and the rate remains approximately 2.7 mills lower, or 30%, than it was in fiscal year ending 2000.

**Property Values and Ad Valorem Taxes:** On July 1, 2015, the City received the "2015 Certification of Taxable Value" from the Property Appraiser's Office stating that the taxable value for the City of Miami Beach is \$30.7 billion, including \$267 million in new construction. The preliminary 2015 value represents an increase of \$3.6 billion or 13.3 percent more than the July 1, 2014, Certification of Taxable Value of \$27.1 billion.

**Determining the Voted Debt Service Millage Levy:** The general obligation debt service payment for fiscal year 2015 was approximately \$5.9 million. Based on the July 1, 2015 Certified Taxable Value from the Property Appraiser, these bonds would require the levy of a voted debt service millage of 0.2031 mills. This represents a decrease of 0.0264 mills.

**Efficiencies and Reductions:** As with the preparation of budgets for the last eight years, departments continued to analyze and present their budgets from two perspectives: 1) reviewing for potential efficiencies, reorganizations to reduce cost, etc., without impacting services; and 2) performing a modified zero-based analysis of each department budget, identifying potential service reduction alternatives versus core functions. As part of the fiscal year 2016 budget adopted in September 2015, the Finance & Citywide Projects Committee requested that departments submit lists of potential reductions and efficiencies totaling 5 percent of their 2015 budgets. At the July 1<sup>st</sup> meeting, the Finance & Citywide Projects Committee accepted \$1,211,750 of the recommended reductions and efficiencies.

## Debt Administration

The general obligation debt rating of the City remained at Aa2 with Moody's and AA+ with Standard and Poor's. Under current state statutes, 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. In August of 2015, the City issued \$99.6

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million in Stormwater Revenue Bonds to which Moody's assigned an Aa3 rating. The City increased their storm water rates by 84% to pay for infrastructure improvements to combat the effects of sea-level rise. The storm water system covers 4,200 acres and services 109,000 equivalent residential units. Additionally subsequent to September 30, 2015 the City issued at par value \$576 million in bonds composed of \$322 million in Redevelopment Agency, \$195 million in Resort Tax, and \$59 million in Parking Revenue Bonds. Of the \$322 million in bond proceeds for the Redevelopment Agency, \$296 million was for the Convention Center renovation and the remaining proceeds were for refunding of the 2005B and 1998A bonds. All of the Resort Tax and Parking Revenue Bonds were utilized for Convention Center renovations.

As of September 30, 2015, the general obligation bonded debt of the City totaling \$53.8 million was well below the legal limit of \$3.2 billion. The City's total debt per capita equaled \$5,546 at September 30, 2015.

### **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, 2014. This was the twenty-eighth (28) 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.

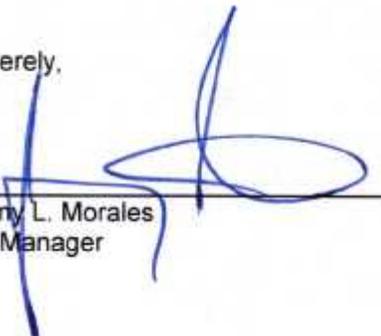
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2014. 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,



Jimmy L. Morales  
City Manager



Allison R. Williams  
Chief Financial Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Miami Beach  
Florida**

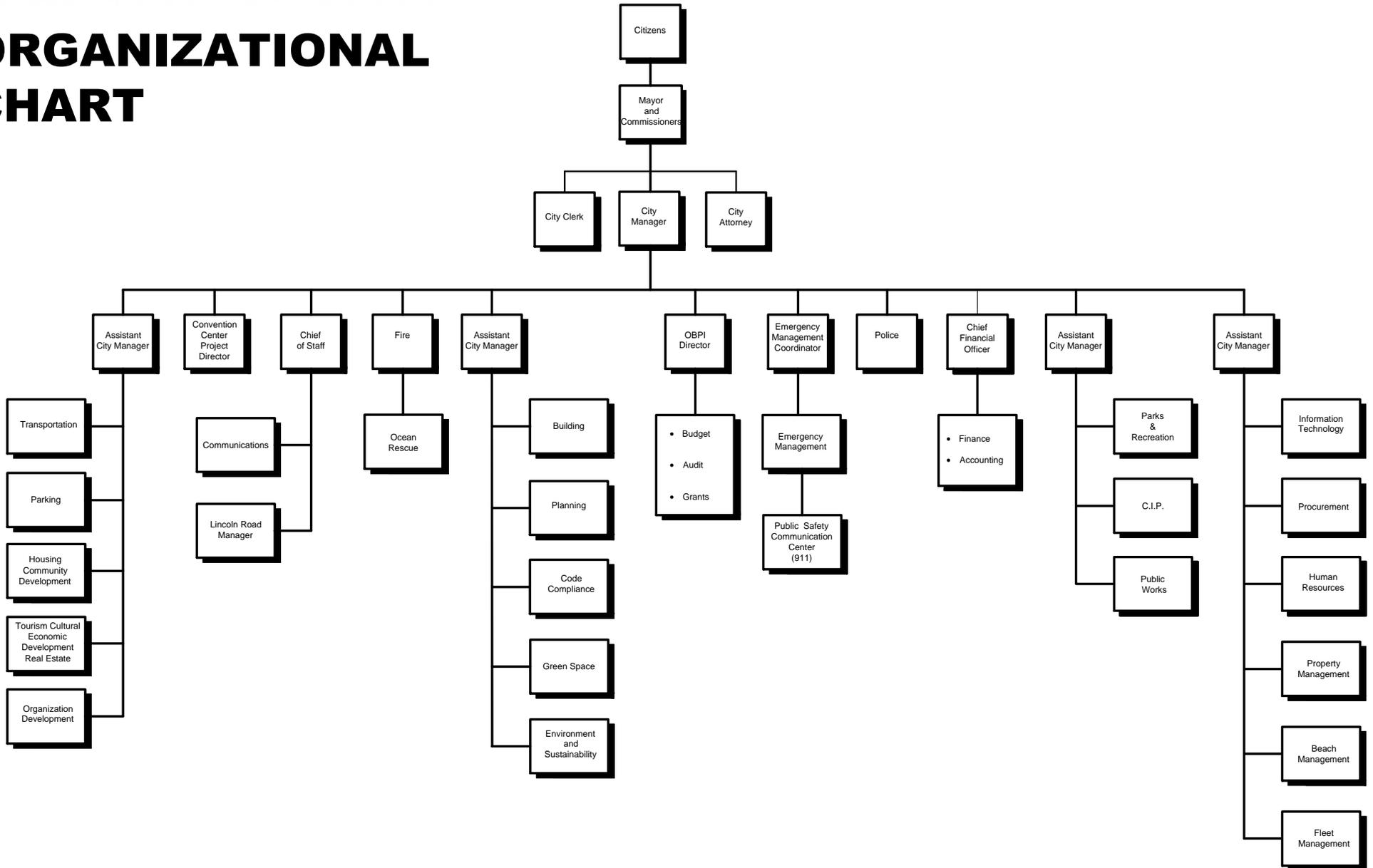
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

# MIAMI BEACH

## ORGANIZATIONAL CHART



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

**City Commission**

Philip Levine, Mayor

John Elizabeth Alemán, Commissioner  
Ricky Arriola, Commissioner  
Kristen Rosen Gonzalez, Commissioner  
Michael Grieco, Commissioner  
Joy Malakoff, Commissioner  
Micky Steinberg, Commissioner

---

**Administration**

Jimmy L Morales, City Manager

Allison R. Williams, Chief Financial Officer

Kathie G. Brooks, Assistant City Manager  
Eric Carpenter, Assistant City Manager  
Mark Taxis, Assistant City Manager  
Susy Torriente, Assistant City Manager

# **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 and the City Pension Fund for Firefighters and Police Officers, which represent 32 percent, 34 percent, and 14 percent; and 48 percent, 51 percent, and 21 percent, respectively, of the assets, net position, and revenues of the financial statements of the aggregate remaining fund information of the City. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Miami Beach Florida Employees' Retirement Plan and the City Pension Fund for Firefighters and Police Officers, 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 from material misstatement. The financial statements of the City Pension Fund for Firefighters and Police Officers was not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above 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, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

In June 2012 the GASB issued GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." Also, in November 2013 the GASB issued GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." As disclosed in Note 18, Statements 68 and 71 are effective for the City's fiscal year ending September 30, 2015. These Statements replace the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" and Statement No. 50, "Pension Disclosures." Statements 68 and 71 establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about pensions are also addressed. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of contributions by employer and other contributing entities, schedule of changes in the City's net pension liability and related ratios, schedules of funding progress and contributions, and the budgetary comparison schedules on pages 12 through 27, 100, 101 through 102, 103, and 104 through 106, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion,

the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2016 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

  
Crowe Horwath LLP

Miami, Florida  
April 29, 2016

## **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, 2015. 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 Governmental Accounting Standards Board ("GASB") issued Statement No. 68 and No. 71 relating to accounting and financial reporting for pensions. The City has two defined benefit pension plans that qualified for implementation; City of Miami Beach Employees' Retirement Plan ("MBERP") and City of Miami Beach Fire & Police Plan ("MBF&P"). The effects of the implementation included a prior period adjustment reduction to the beginning balance of net position in the amount of \$359 million, an addition of deferred outflows of resources totaling \$69 million, deferred inflows of resources totaling \$23 million, and a long term liability known as a net pension liability by \$389 million. The net pension liability totaled \$352 million and \$37 million for the Governmental Activities and Business-Type Activities, respectively.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at September 30, 2015 by \$1.08 billion (net position). Of this amount, \$902.4 million was net investment in capital assets. Additionally, \$220.2 million was restricted by laws, agreements, or debt covenants. The City has unrestricted net position of \$(39.6) million.
- During fiscal year 2015, the City's net position decreased by \$253.9 million. Of this decrease, \$248.9 million was in governmental activities and the remaining decrease of \$5 million in business-type activities. For the governmental activities, revenues from charges for services increased by \$6.2 million or 7%, operating grants and contributions increased by \$8.2 million or 42.5%, capital grants and contributions decreased \$6 million or 14.5% and general revenues increased by \$8.1 million or 3.1%, while expenses increased by \$17 thousand or 0.0%. For the business-type activities, charges for services increased \$26.6 million or 17.6%, while expenses increased by \$8.4 million or 5.9% over the prior year.
- Overall the City's assets and deferred outflows increased from \$1,921 million to \$2,172 million. Major changes occurring in this area were; \$72.6 million increase in restricted cash and investments, \$91.8 million additions to construction in progress and \$69.1 million recognized in deferred outflows of resources due to the implementation of GASB No. 68 in the current fiscal year.
- The City's overall liabilities and deferred inflows increased from \$584 million to \$1,089 million. Major changes occurring in this area were; \$82.8 million increase in short and long term debt due to the issuance of new storm water bonds and a \$167.1 and \$222.2 million pension liability increase in the MBERP and MBF&P as a result of GASB No. 68.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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The statement of activities presents information showing how the City's net position changed during each fiscal year. Changes in net position 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 position and the statement of activities of the government-wide financial 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 include storm water, water, sewer, parking, convention center, 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 financial-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 is 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 seventeen 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 thirteen 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 City also adopts a multi-year capital budget which is not included in this report, but can be found at the City's website.

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

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

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**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 self-insurance, health 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 34-36 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 40-99 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 100-106 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 107-127 of this report.

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

Government-wide Financial Analysis

The table below summarizes the statement of net position:

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

	Governmental activities		Business-type activities		Total	
	2014	2015	2014	2015	2014	2015
Current and other assets	\$ 438,103	\$ 465,034	\$ 283,388	\$ 363,176	\$ 721,491	\$ 828,210
Capital assets	603,504	635,502	592,509	636,619	1,196,013	1,272,121
Deferred outflows	1,311	63,946	1,997	8,025	3,308	71,971
Total assets and deferred outflows	1,042,918	1,164,482	877,894	1,007,820	1,920,812	2,172,302
Long-term liabilities						
outstanding	280,934	624,798	259,995	387,302	540,929	1,012,100
Other liabilities	24,944	30,938	17,142	22,259	42,086	53,197
Deferred inflows	245	20,801	675	3,219	920	24,020
Total liabilities and deferred inflows	306,123	676,537	277,812	412,780	583,935	1,089,317
Net position:						
Net investment in capital assets	429,990	491,486	392,350	410,866	822,340	902,352
Restricted	146,377	172,033	39,437	48,206	185,814	220,239
Unrestricted	160,428	(175,574)	168,295	135,968	328,723	(39,606)
Total net position	\$ 736,795	\$ 487,945	\$ 600,082	\$ 595,040	\$ 1,336,877	\$ 1,082,985

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$1.08 billion at September 30, 2015, a decrease of \$253.9 million or 19.0% from the prior year.

The largest portion of the City's net position, \$902.4 million or 83.3%, 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 position, \$220.2 million or 20.3% 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 balance of unrestricted net position, of \$(39.6) million consists of \$(175.6) million from governmental activities and \$136.0 million from business type activities. For financial reporting purposes, these balances are considered unrestricted, however, the majority of these balances are committed or assigned at the fund level by the City Commission.

At the end of the current fiscal year, the City as a whole is able to report positive balances in two of the three categories of net position. The City's net position decreased by \$253.9 million, or 19.0%, during the current fiscal year. Governmental activities accounted for a decrease of \$248.9 million while Business-type activities accounted for the remaining \$5 million of the increase.

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

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

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

	2014	2015
Revenues:		
Program revenues:		
Charges for services	\$ 88,352	\$ 94,529
Operating grants and contributions	19,206	27,376
Capital grants and contributions	3,938	13,831
General revenues:		
Taxes:		
Property taxes, levied for general purposes	115,939	126,349
Property taxes, levied for debt services	5,657	6,750
Resort taxes	61,761	68,000
Tax increment	49,962	38,094
Utility taxes	12,364	12,193
Local business	4,493	4,630
Communication services	4,679	4,520
Miscellaneous	1,155	1,437
Unrestricted investment earnings	3,089	5,265
Total revenues	370,595	402,974
Expenses:		
General government	43,366	47,399
Public safety	197,240	192,976
Physical environment	3,168	4,199
Transportation	14,387	17,449
Economic environment	4,877	5,612
Human services	2,213	2,783
Culture and recreation	53,476	59,369
Interest on long-term debt	8,819	8,242
Total expenses	327,546	338,029
Increase in net position before transfers and gain on sale of capital assets	43,049	64,945
Gain on sale of capital assets	200	388
Unrealized Loss on Investments		
Transfers	4,664	9,764
Increase in net position	47,913	75,097
Net position - beginning, as restated.	688,882	412,847
Net position - ending	\$ 736,795	\$ 487,944

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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**Governmental activities.** Governmental activities increased by \$64.9 million; however the prior period adjustment related to GASB 68 reduced net position by \$323.9 million, resulting in a net decrease in the City's net position by \$248.9 million, thereby accounting for 98.1% of the total decline in the net position of the City. Key elements of the fluctuation are as follows:

Governmental activities revenues consisted of program revenues which amounted to \$135.7 million and general revenues which amounted to \$267.2 million, for a total of \$403.0 million. Property tax revenue for general purposes which represents 31.4% of total revenues was \$126.3 million. This is an increase of \$10.4 million or 9% from 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 certified taxable property values in the City increased from \$24.66 billion in 2014 to \$27.1 billion in 2015, an increase of \$2.44 billion. The City's operating millage rate decreased from 5.8634 in fiscal year 2014 to 5.7942 in 2015, a decrease of .0692 mills, or 1.2%.

Charges for services which represent 23.5% of total revenues were \$94.5 million. This amount is an increase of \$6.2 million or 7% over the prior year. These charges at the government wide statement level 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 9.5% of the revenues was \$38.1 million. This amount is a decrease of \$11.9 million or 23.8% 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. Fluctuations in tax increment revenue are based on real estate property values City wide. The decrease is due to the City not receiving the tax increment funds for the South Pointe District from the County in fiscal year 2015.

Resort tax which represents 16.9% of revenues was \$68 million which is an increase of \$6.2 million or 10.1% from the prior year. Resort tax is a 3% tax on the rent of 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 based on the fluctuations in the sales of the above items and vary 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 \$338.0 million. Significant portions of these expenses were in the public safety, general government and culture and recreation functions.

General government function expense was \$47.4 million and represents 14.0% 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 manager's office, city clerk's office, human resources office and other special projects. Expenditures in this function increased by \$4.0 million or 14.0% from the prior year.

Public safety function expense was \$193.0 million and represents 57.1% 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 decreased by \$4.2 million or 2.2% from the prior year.

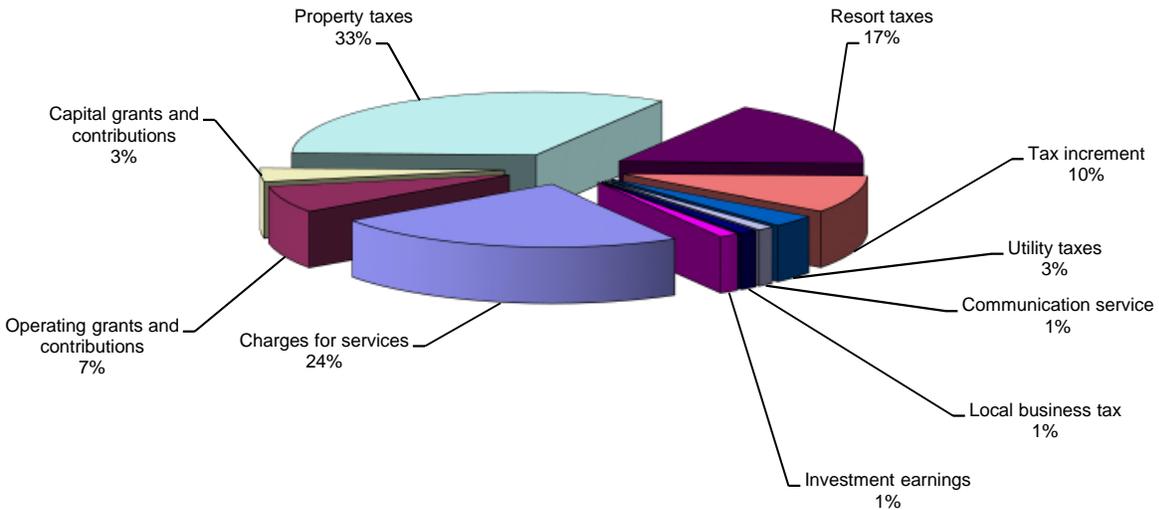
Culture and recreation function expense was \$59.4 million and represents 17.6% of total expenses. The City's culture and recreation function includes expenses for grant funded culture and recreation activities, the City's

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

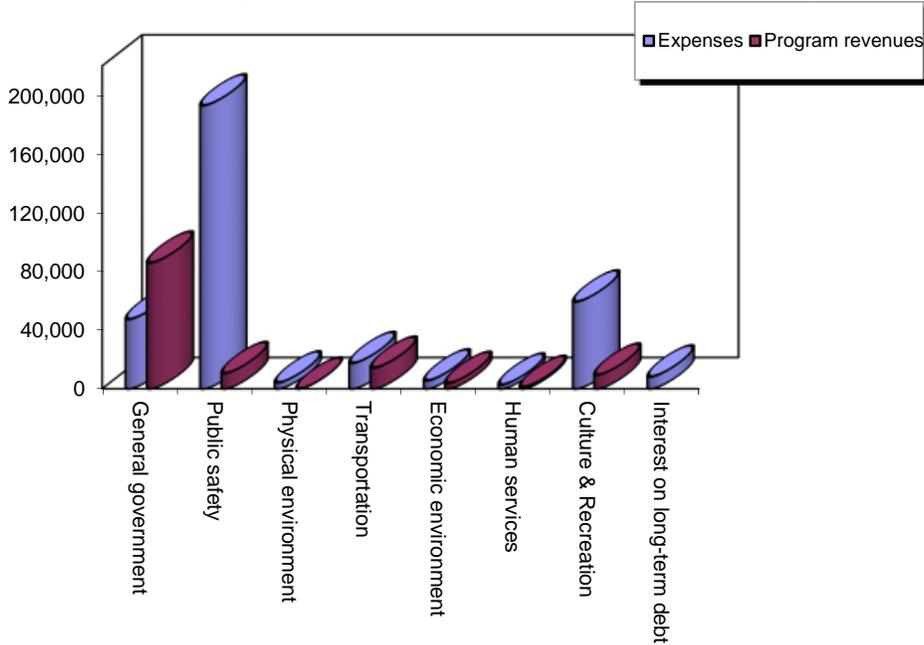
parcs and recreation department, Office of Tourism and Cultural Development, Bryon and Colony theater operations, golf course operations, and a variety of arts, cultural and entertainment programs. Expenses in this function had a net increase of \$5.9 million or 11.0% from the prior year.

### Revenue by Source – Governmental Activities

for the year ended September 30, 2015 (in thousands)



### Expenses and Program Revenues – Governmental Activities for the year ended September 30, 2015 (in thousands)



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

**Changes in Net Position  
Business-type Activities  
for the fiscal year ended September 30,  
(in thousands)**

	2014	2015
Revenues:		
Program revenues:		
Charges for services	\$ 151,029	\$ 177,605
Operating grants and contributions	10,622	12,001
General revenues:		
Tax increments	3,671	
Unrestricted investment earnings	1,115	989
Total revenues	166,437	190,595
Expenses:		
Storm water	7,877	10,419
Water	28,965	29,255
Sewer	31,374	35,734
Parking	37,072	38,123
Convention Center	17,418	16,191
Sanitation	15,876	16,923
Redevelopment Agency's Parking	3,792	4,131
Redevelopment Agency's Leasing	464	462
Total expenses	142,838	151,238
Increase in net position before transfers and gain on sale of capital assets and investments	23,599	39,357
Gain on sale of capital assets	108	170
Unrealized loss on investments	(12)	87
Transfers	(4,664)	(9,764)
Increase in net position	19,031	29,850
Net position - beginning, as restated.	581,051	565,190
Net position - ending	\$ 600,082	\$ 595,040

**Business-type activities.** Business-type activities decreased the City's net position by \$5 million, thereby accounting for 1.9% of the total decline in the net position of the City.

Key elements of the net decrease are as follows:

- The Storm Water fund had a change in net position of \$7 million. Operating revenues increased by \$9.5 million or 81.5 % and operating expenses increased by \$1.7 million or 29.3% from the prior year. Net non-operating expenses were \$2.7 million, and consisted of \$2.8 million in interest and fiscal charges, \$36,889 in gains on disposal of capital assets, \$69,807 in unrealized gains on investments and 67,119 in interest income. In July, 2015 the City raised its Storm Water rates to \$16.67 per Equivalent Residential Unit (ERU) from \$9.06, or 84% to pay for infrastructure improvements to combat the effects of sea-level rise.
- The Water and Sewer fund had a change in net position of \$1.3 million. Operating revenues increased by \$5.9 million or 8.4% and operating expenses increased by \$4.6 million or 8.1 % from the prior year. Net

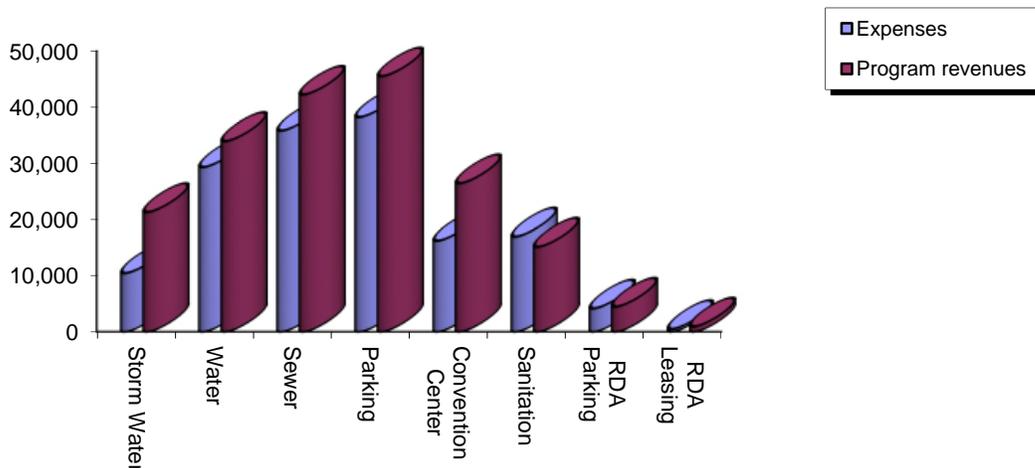
## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

non-operating expenses were \$2.7 million and consisted of \$3 million in interest and fiscal charges, \$30,607 in gain on disposal of capital assets, \$14,106 in unrealized gain on investments and \$267,608 in interest income. Water rates increased during fiscal year 2015 to \$4.43 per 1,000 gallon, an increase from \$4.36 in 2014. Sewer rates increased to \$7.55 per 1,000 gallons, an increase from \$6.34 in 2014.

- The Parking System fund had a negative change in net position of \$3.4 million. Operating revenues increased by \$2.6 million or 6.6% and operating expenses increased by \$1.1 million or 2.9% from the prior year. Net non-operating revenues were \$ 2.7 million and consisted of \$562,533 in interest and fiscal charges, \$35,144 in gain on disposal of capital asset, \$2,898 in unrealized gain on investments and \$445,532 in interest income. Also included in this amount is \$2.8 million in intergovernmental revenues for the City's share in parking ticket revenue from Miami-Dade County. Intergovernmental revenue decreased by \$205,384 or 6.9% from the prior year. The Parking System hourly rates for metered parking in the South Beach Parking Zone, is \$1.75 and is enforced between the hours of 9 am to 3 am. Metered parking hourly rates in the middle and north areas continue to be \$1.00 and hours of enforcement are 8 am to 6 pm.
- The Convention Center fund had a change in net position of \$11.7 million. Operating revenues increased by \$8.8 million or 106.5% and operating expenses decreased by \$1.3 million or 7.3% from the prior year. Net non-operating revenues were \$9.3 million consisting of \$69,399 in interest income. Also included in this amount is \$9.2 million in intergovernmental revenue for the City's share of Convention Development Taxes (CDT) received from Miami-Dade County. Intergovernmental revenues increased by \$1.6 million or 20.7% from the prior year. The Convention Center's largest operating expenses were depreciation expense on capital assets and personal services costs.
- Other Enterprise funds, which include the Sanitation, Miami Beach Redevelopment Agency's ("RDA") Parking and Leasing funds, had a decrease in net position of \$5.7 million. The Parking funds accounts for the Anchor garage and Penn garage. The Leasing funds accounts for the Anchor Shoppe and Penn Shoppe. In the combined funds, operating revenues decreased by \$334,661 or 1.6% and operating expenses increased by \$1.4 million or 6.8% from the prior year. Net non-operating revenues were \$193,814 and consisted of \$8,928 in interest and fiscal charges, \$63,404 in gain on disposal of capital assets and \$139,338 in interest income.

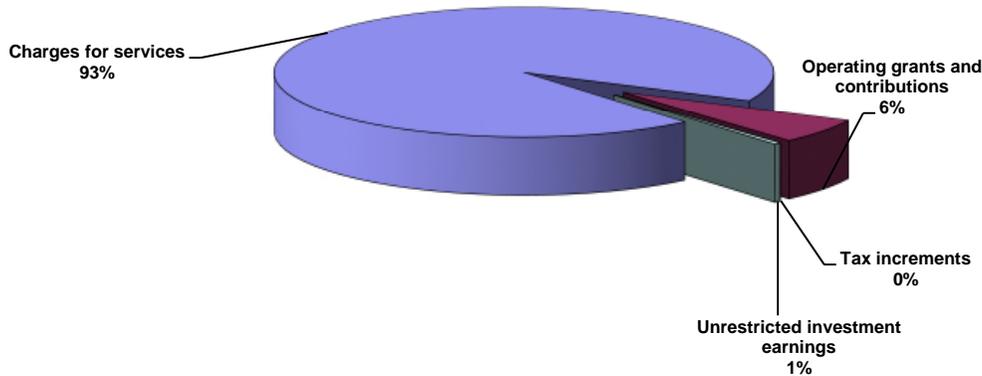
The following chart shows a comparison of expenses to program revenues for business-type activities for fiscal year 2015:

**Expenses and Program Revenues – Business-type Activities  
for the year ended September 30, 2015 (in thousands)**



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

**Revenue by Source – Business-type Activities  
for the year ended September 30, 2015 (in thousands)**



**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, 2014	\$ 50,503	\$ 19,587	\$ 15,499	\$ 184,360	\$ 88,839	\$ 358,788
Revenues	239,801	68,367	38,333	4,609	35,732	386,842
Expenditures	(262,533)	(15,698)	(17,050)	(35,678)	(50,780)	(381,739)
Other financing sources (uses)	31,520	(48,436)	(8,575)	3,284	33,005	10,798
Fund balances						
Sept. 30, 2015	<u>\$ 59,291</u>	<u>\$ 23,820</u>	<u>\$ 28,207</u>	<u>\$ 156,575</u>	<u>\$ 106,796</u>	<u>\$ 374,689</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, unassigned 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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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 \$59.3 million. This consisted of \$8.3 million restricted, \$50.3 million for emergencies, \$680,000 in purchase commitments, and \$19,765 non-spendable.

The general fund's net increase in fund balance for the fiscal year was \$8.8 million. Overall revenues had a net increase of \$19.9 million or 9% over the prior year. Ad-valorem tax, which is 53.4% of the general fund revenue collected, increased by \$12.1 million or 10.4%. There were also increases in permitting revenue of \$3.5 million or 17.7% and an increase of charges for services of \$1.4 million or 7.9%. Expenditures in the general fund increased by \$10.2 million or 4%, primarily in the public safety function, which account for 67.5% of 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 \$23.8 million. Resort tax collected during the year was \$68 million, an increase of \$6.2 million or 10.1% from the prior fiscal year. Net other financing uses, which was \$48.4 million decreased by \$2 million or 3.9% and expenditures increased by \$3.2 million or 25.4%. The resort tax fund balance increased by \$4.2 million or 21.6% from the prior fiscal year and represents 151.7% 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 was \$38.1 million, which is an increase of \$637,546 or 1.7%, and net other financing uses decreased by \$12.2 million or 58.8% and expenditures decreased by \$1.8 million or 9.4%. The fund balance of the Miami Beach Redevelopment Agency Special Revenue Fund increased by \$12.7 million or 82% from the prior fiscal year and represents 165.4% 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 revenues were \$1.7 million a decrease of \$1.6 million or 49.2% from the prior fiscal year. Net other financing sources which was \$3.2 million decreased by \$13.4 million or 80.3% from the prior fiscal year. The capital projects fund balance decreased by \$27.8 million or 15.1% from the prior fiscal year and represents 438.9% 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 \$6.8 million, and was an increase of \$1.2 million or 20.5% over the prior year. Intergovernmental revenue which was \$6.2 million, increased by \$2.6 million or 70.6% and net other financing sources which were \$33 million increased by \$2.3 million or 7.3%. Expenditures in the fund increased by \$8.6 million or 20.3%. The fund balance increased by \$18 million or 20.2% from the prior year and represents 210.3% 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 decline in net position for all enterprise funds was \$5 million and included a restatement of \$34.9 million in order to comply with the provisions of GASB 68. 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 reflects how actual results compare to these budgeted amounts. The amended budget can be modified subsequent to the end of the fiscal year. Detailed budget information can be found in the RSI section of this document. There were variances between final budget

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

revenues and actual revenues, with a net difference of \$2.8 million under budget. This variance resulted from the City appropriating \$8 million of revenue as a carry forward from unused dollars from prior years, to help balance the fiscal year 2015 budget. While this carryover of \$8 million is appropriated as revenue and increases the final budget of the City for budgetary purposes, it does not represent actual revenue of the City from a financial point of view, resulting in a difference between budget and actual. There were also variances between final budget expenditure and actual expenditure, with a net difference of \$11.5 million under budget.

**General Fund Revenues  
for the fiscal year ended September 30, 2015  
(in thousands)**

	Original Adopted Budget	Final Amended Budget	Actual
Taxes:			
Property	\$ 127,904	\$ 127,904	\$ 128,131
Sales, use, fuel	982	982	1,069
Utility	11,677	11,677	11,481
Local business	4,506	4,506	4,630
Communication Service	4,465	4,465	4,520
Taxes	149,534	149,534	149,831
Other than taxes:			
Franchise	8,247	8,247	8,361
Permits	19,604	19,604	23,121
Intergovernmental	10,290	10,290	10,263
Charges for services	16,279	16,279	19,207
Rents and leases	6,496	6,496	6,752
Interest income	3,285	3,285	3,865
Fines and forfeits	2,401	2,401	1,829
Administrative fees	17,096	17,096	15,027
Other	626	776	1,545
Other financing sources	43,034	43,308	42,769
Fund balance	3,187	8,011	
Other than taxes	130,545	135,793	132,739
Total revenues	\$ 280,079	\$ 285,327	\$ 282,570

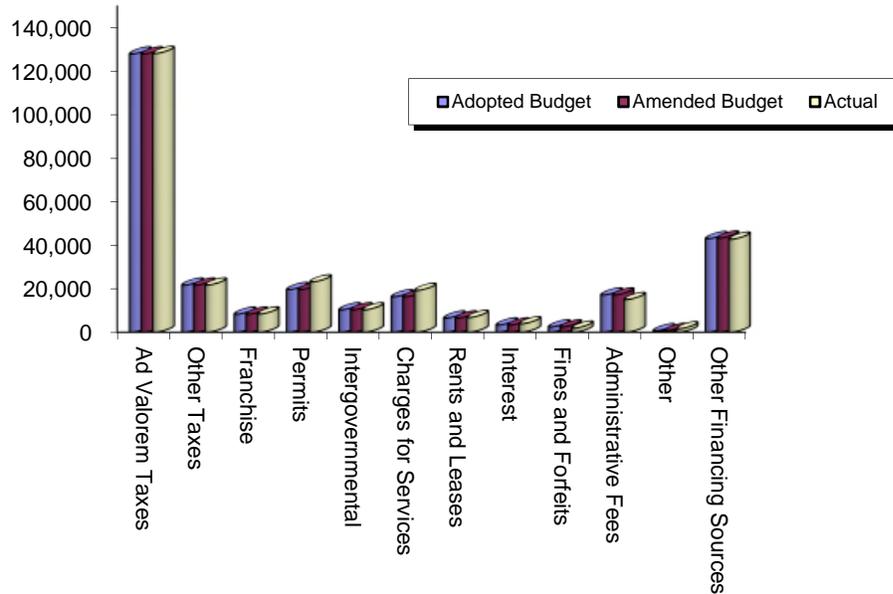
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

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**General Fund Expenditures  
for the fiscal year ended September 30, 2015  
(in thousands)**

	Original Adopted Budget	Final Amended Budget	Actual
General government	\$ 42,601	\$ 45,665	\$ 41,129
Public safety	180,296	180,335	177,142
Physical environment	2,357	2,357	2,357
Transportation	4,017	4,017	4,013
Economic environment	1,235	1,235	1,181
Human services	1,973	1,973	1,795
Culture and recreation	35,412	35,779	33,193
Capital Outlay	1,643	1,283	294
Debt service	1,321	1,434	1,429
Other financing uses	9,224	11,249	11,249
Total expenditure	<u>\$ 280,079</u>	<u>\$ 285,327</u>	<u>\$ 273,782</u>

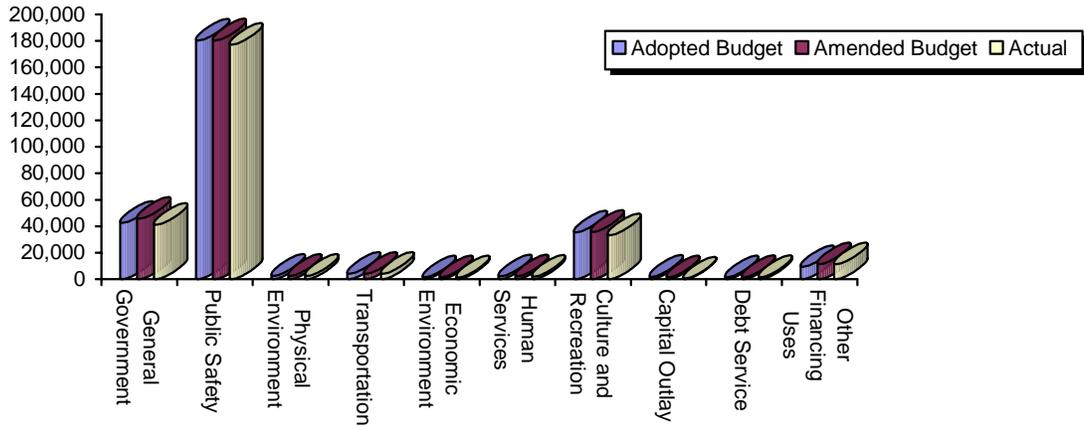
**General Fund Revenues  
for the year ended September 30, 2015 (in thousands).**



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

The following chart and table summarizes actual expenditures by function/program for fiscal year 2015 and compares expenditures with Adopted Budget, Amended Budget and Actual.

**General Fund Expenditure  
for the year ended September 30, 2015 (in thousands).**



**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities at September 30, 2015 amounts to \$1.3 billion (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, air rights 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>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>
Land	\$ 52,224	\$ 58,758	\$ 25,835	\$ 25,835	\$ 78,059	\$ 84,593
Intangible assets	4,182	4,182	4,318	4,318	8,500	8,500
Construction						
work-in-progress	86,291	122,940	125,341	180,494	211,632	303,434
Building & Structure	76,376	77,959	187,532	183,962	263,908	261,921
Permanent						
improvements	268,215	259,014	10,864	10,698	279,079	269,712
Furniture, Fixtures						
& Equipment	24,992	24,990	54,912	51,619	79,904	76,609
Infrastructure	91,224	87,659	183,707	179,693	274,931	267,352
<b>Total</b>	<b>\$ 603,504</b>	<b>\$ 635,502</b>	<b>\$ 592,509</b>	<b>\$ 636,619</b>	<b>\$ 1,196,013</b>	<b>\$ 1,272,121</b>

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

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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 Sunset Harbor Pump Stations. This project upgraded three pump stations in Sunset Harbor to provide a greater level of storm water service for the community.
- Completed Bandshell Park Master Plan Improvements Project that includes the renovation of the historic band shell at the Bandshell Park located at 7275 Collins Avenue and surrounding park areas.
- Completed Bayshore A – Central Neighborhood Improvements includes street resurfacing, sidewalk repair, swale/planting strip restoration, Installation of curb and gutter, enhanced landscaping, drainage upgrades, streetlight upgrades, traffic calming, water main rehabilitation on Flamingo Dr., and improve on-street parking. Additional scope by residents entails providing additional drainage improvements defined by West 28th Street to the south, Prairie Ave. to the west, Sheridan Ave. to the east and West 34th Street to the north, as well as North Meridian Ave. between 28th Street and Dade Blvd.
- Completed City Center BP 9C – City Center Lincoln Road This project limits are Lincoln Road between Washington Avenue and Collins Avenue, and was designed to address the needs of the commercial and retail area, as well as pedestrians, private and public vehicular access. The project includes roadway reconfiguration to accommodate uniform traffic lanes throughout, installation of landscape center median with uplighting, sidewalk replacement, installation of pedra portuguesa pavers on portions of the sidewalk that ranges in with from approximately 26.6 feet to 15.6 feet, paver crosswalks with ADA curb ramps, bump outs to formalize parking area and reduce the crosswalk distance, installation of street furniture, resurfacing of the asphalt pavement. The project supports the City Center RDA Master Plan.
- Scott Rakow Youth Center – Ice Rink Mechanical Repairs, project was expanded to include a future Phase III that will provide an in-depth investigation and correct humidity conditions in the existing ice rink that have led to the formation of mold on one wall and caused electrical shorts in the ice rink lights. This work includes the removal and replacement of the existing dehumidification system; possible removal and reconstruction, with insulation, of a section of the wall between the ice rink and the basketball gymnasium; and the replacement of the existing lighting fixtures with more suitable energy efficient models for operation in a cold environment.
- South Pointe Neighborhood – South Pointe Drive Median Enhancement includes the Installation of structural median planters on South Pointe Drive between Washington Avenue and Collins Avenue and also includes pump station beautification on Washington south of South Pointe Drive.
- Continued construction included the following:
  - Audible Pedestrian Countdown Signals Phase II
  - Bayshore B – Lower North Bay Road
  - Bayshore D – Sunset Islands III & IV Neighborhood Improvements
  - Flamingo Park Soccer Field
  - Flamingo Park Restrooms Facility
  - LED Lighting Installation
  - Lifeguard Stands Replacement ( 7 lifeguard towers)
  - London House Renovation
  - Normandy Isle Neighborhood – Phase II
  - Palm & Hibiscus Neighborhood Improvements
  - South Pointe Drive Medians Uplighting
  - South Pointe Landscaping Phase II
  - South Pointe Park – Landscape and Turf Rehabilitation

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

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- South Pointe Park – Water Feature Remediation
- Venetian Islands Neighborhood Improvements

Additional information on the City's capital assets can be found in [Note 6](#) to the financial statements.

**Long-term Debt**

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

	Governmental activities		Business-type activities		Total	
	2014	2015	2014	2015	2014	2015
General obligation	\$ 57,280	\$ 53,755	\$	\$	\$ 57,280	\$ 53,755
Special obligation	98,810	86,634			98,810	86,634
Revenue bonds			245,595	335,496	245,595	335,496
Loans	13,558	12,091	1,270	830	14,828	12,921
Other debt	12,882	11,801			12,882	11,801
<b>Total</b>	<b>\$ 182,530</b>	<b>\$ 164,281</b>	<b>\$ 246,865</b>	<b>\$ 336,326</b>	<b>\$ 429,395</b>	<b>\$ 500,607</b>

At the end of the current fiscal year the City had total bonded debt, loans and other long-term debt of \$501 million. Governmental activities had a net debt decrease of \$18.2 million or 31.9% while business-type activities debt increased by \$89.5 million or 36.2%. The increase is due to the issuance of \$99.6 million in Series 2015 Storm water bonds. Additional information on the City's long-term debt can be found in [Note 10](#) 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 POSITION**  
**September 30, 2015**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 434,663,750	\$ 159,626,852	\$ 594,290,602	\$ 3,125,138
Cash with fiscal agent	250,000		250,000	
Receivables (net)	12,282,104	18,248,251	30,530,355	355,970
Due from other governments	738,961	4,732,506	5,471,467	
Internal balances	1,797,233	(1,797,233)		
Prepaid expenses	1,902,914	225,231	2,128,145	13,836
Inventories	412,724	1,396,054	1,808,778	
Restricted cash and investments	12,986,144	180,744,336	193,730,480	
Capital assets not being depreciated:				
Land	58,758,676	25,835,429	84,594,105	
Intangible assets	4,181,941	4,318,059	8,500,000	
Construction in progress	122,939,582	180,494,511	303,434,093	
Capital assets net of accumulated depreciation:				
Buildings and structures	77,959,238	183,961,469	261,920,707	
Permanent improvements	259,013,831	10,698,371	269,712,202	
Machinery and equipment	24,989,168	51,618,006	76,607,174	162,201
Infrastructure	87,659,389	179,692,786	267,352,175	
Total assets	<u>1,100,535,655</u>	<u>999,794,628</u>	<u>2,100,330,283</u>	<u>3,657,145</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Outflows - MBERP	23,856,198	6,312,623	30,168,821	85,163
Outflows - MBF&P	38,926,663		38,926,663	
Unamortized refunding costs	1,163,079	1,712,796	2,875,875	
Total deferred outflows of Resources	<u>63,945,940</u>	<u>8,025,419</u>	<u>71,971,359</u>	<u>85,163</u>
<b>LIABILITIES</b>				
Accounts payable	14,698,803	14,658,806	29,357,609	
Retainage payable	3,930,155	3,143,014	7,073,169	
Accrued expenses	5,693,236	3,937,974	9,631,210	297,416
Accrued interest payable	1,435,136		1,435,136	
Unearned revenue	5,067,880	470,064	5,537,944	
Deposits	29,893		29,893	
Due to other governments	82,583	49,096	131,679	
Noncurrent liabilities:				
Due within one year	37,184,747	16,448,042	53,632,789	
Due in more than one year	235,310,889	333,818,414	569,129,303	22,940
Net pension liability - MBERP	130,095,666	37,035,908	167,131,574	512,291
Net pension liability - MBF&P	222,207,447		222,207,447	
Total liabilities	<u>655,736,435</u>	<u>409,561,318</u>	<u>1,065,297,753</u>	<u>832,647</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Inflows - MBERP	8,936,665	2,544,109	11,480,774	35,191
Inflows - MBF&P	11,621,210		11,621,210	
Other deferred revenue	242,884	675,000	917,884	
Total deferred inflows of Resources	<u>20,800,759</u>	<u>3,219,109</u>	<u>24,019,868</u>	<u>35,191</u>
<b>NET POSITION</b>				
Net investment in capital assets	491,485,745	410,865,702	902,351,447	162,201
Restricted for:				
Debt Service	9,851,228	47,661,148	57,512,376	
Economic development	29,069,134		29,069,134	
Capital Improvement	50,771,911		50,771,911	
Convention center		544,383	544,383	
Transportation	51,130,902		51,130,902	
Building operations	8,328,543		8,328,543	
Public safety	1,659,174		1,659,174	
Quality of life improvement	21,222,126		21,222,126	
Unrestricted	(175,574,362)	135,968,387	(39,605,975)	2,712,269
Total net position	<u>\$ 487,944,401</u>	<u>\$ 595,039,620</u>	<u>\$ 1,082,984,021</u>	<u>\$ 2,874,470</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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			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	\$ 47,397,904	\$ 75,232,828	\$ 10,592,292	\$ 641,265	\$ 38,427,216	\$ 38,427,216	\$	
Public safety	192,976,434	9,073,918	841,071		(182,420,180)	(182,420,180)		
Physical environment	4,198,730		14,790		(4,183,940)	(4,183,940)		
Transportation	17,448,894	1,723,853	11,413,610	1,138,586	(3,172,845)	(3,172,845)		
Economic environment	5,611,831		3,063,938	11,295,778	8,747,885	8,747,885		
Human services	2,783,057		1,179,144		(1,603,913)	(1,603,913)		
Culture and recreation	59,368,604	8,497,903	271,514	754,856	(49,844,331)	(49,844,331)		
Interest on long-term debt	8,242,353				(8,242,353)	(8,242,353)		
Total governmental activities	<u>338,027,807</u>	<u>94,528,502</u>	<u>27,376,359</u>	<u>13,830,485</u>	<u>(202,292,461)</u>	<u>(202,292,461)</u>		
Business-type activities:								
Storm Water	10,418,758	21,258,353				10,839,595	10,839,595	
Water	29,255,282	33,870,737				4,615,455	4,615,455	
Sewer	35,733,735	42,169,257				6,435,522	6,435,522	
Parking	38,123,221	42,672,887	2,768,345			7,318,011	7,318,011	
Convention Center	16,190,590	17,147,941	9,232,506			10,189,857	10,189,857	
Sanitation	16,923,525	15,120,927				(1,802,598)	(1,802,598)	
Redevelopment Agency's Parking	4,131,234	4,452,329				321,095	321,095	
Redevelopment Agency's Leasing	461,844	912,855				451,011	451,011	
Total business-type activities	<u>151,238,189</u>	<u>177,605,286</u>	<u>12,000,851</u>			<u>38,367,948</u>	<u>38,367,948</u>	
Total primary government	<u>\$ 489,265,996</u>	<u>\$ 272,133,788</u>	<u>\$ 39,377,210</u>	<u>\$ 13,830,485</u>	<u>(202,292,461)</u>	<u>38,367,948</u>	<u>(163,924,513)</u>	
<b>Component units:</b>								
Visitor and Convention Health Facilities	\$ 2,338,168	\$	\$ 40,514	\$				(2,297,654)
Total component units	<u>\$ 2,338,168</u>	<u>\$</u>	<u>\$ 40,514</u>	<u>\$</u>				<u>(2,297,654)</u>
<b>General revenues:</b>								
Taxes:								
Property taxes, levied for general purposes					126,349,310	126,349,310		
Property taxes, levied for debt service					6,749,969	6,749,969		
Resort taxes					67,999,916	67,999,916		2,640,555
Tax increment					38,094,108	38,094,108		
Utility taxes					12,192,935	12,192,935		
Local business tax					4,629,996	4,629,996		
Communication service tax					4,519,938	4,519,938		
Miscellaneous					1,437,032	1,437,032		
Gain on sale of capital assets					387,671	170,013	557,684	
Unrestricted investment earnings					5,264,909	1,075,807	6,340,716	4,628
Transfers					9,763,889	(9,763,889)	-	
Total general revenues and transfers					<u>277,389,673</u>	<u>(8,518,069)</u>	<u>268,871,604</u>	<u>2,645,183</u>
Change in net position					75,097,212	29,849,879	104,947,091	347,234
Net position - beginning, as restated. See NOTE 18					412,847,189	565,189,741	978,036,930	2,527,236
Net position - ending					<u>\$ 487,944,401</u>	<u>\$ 595,039,620</u>	<u>\$ 1,082,984,021</u>	<u>\$ 2,874,470</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, 2015**

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 65,426,883	\$ 20,712,518	\$ 28,361,091	\$ 165,528,746	\$ 108,356,570	\$ 388,385,808
Receivables (net of allowance for uncollectibles)	3,753,049	5,046,757	15,417	54,006	785,534	9,654,763
Accrued interest	927,765			128,493		1,056,258
Due from other funds	1,480,913		2,299,867	10,484	694,773	4,486,037
Due from other governments					738,960	738,960
Prepays	19,765					19,765
<b>Total assets</b>	<b>\$ 71,608,375</b>	<b>\$ 25,759,275</b>	<b>\$ 30,676,375</b>	<b>\$ 165,721,729</b>	<b>\$ 110,575,837</b>	<b>\$ 404,341,591</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 3,797,592	\$ 63,826	\$ 609,294	\$ 4,145,528	\$ 2,441,113	\$ 11,057,353
Retainage payable				3,756,790	173,365	3,930,155
Accrued expenditures	2,291,506	1,182,863	269,907	861,364	605,630	5,211,270
Unearned revenues	5,022,868				45,012	5,067,880
Deposits					29,893	29,893
Due to other governments	24,710				57,873	82,583
Due to other funds	1,180,490	692,641	1,590,032	383,033	183,769	4,029,965
<b>Total liabilities</b>	<b>12,317,166</b>	<b>1,939,330</b>	<b>2,469,233</b>	<b>9,146,715</b>	<b>3,536,655</b>	<b>29,409,099</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable other revenues					242,884	242,884
<b>Total deferred inflows of resources</b>					<b>242,884</b>	<b>242,884</b>
<b>FUND BALANCES</b>						
Nonspendable	19,765					19,765
Restricted	8,328,543	23,819,945	28,207,142	133,936,603	92,659,943	286,952,176
Committed	48,151,901			23,619,368	14,831,197	86,602,466
Assigned	2,791,000					2,791,000
Unassigned				(980,957)	(694,842)	(1,675,799)
<b>Total fund balances</b>	<b>59,291,209</b>	<b>23,819,945</b>	<b>28,207,142</b>	<b>156,575,014</b>	<b>106,796,298</b>	<b>374,689,608</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 71,608,375</b>	<b>\$ 25,759,275</b>	<b>\$ 30,676,375</b>	<b>\$ 165,721,729</b>	<b>\$ 110,575,837</b>	<b>\$ 404,341,591</b>

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 POSITION**  
**September 30, 2015**

**Total fund balances - governmental funds** \$ 374,689,608

Amounts reported for governmental activities in the statement of net position 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	\$	58,150,156	
Intangible assets		4,181,941	
Construction in progress		122,923,582	
Building and structure		130,735,650	
Permanent improvements		373,818,113	
Machinery and equipment		22,347,354	
Infrastructure		206,002,425	
Accumulated depreciation		<u>(300,379,639)</u>	
Total capital assets			617,779,582

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

Bonds payable	\$	(140,389,492)	
Loans payable		(12,114,348)	
Net premium on bonds		(2,041,313)	
Compensated absences		(17,400,696)	
Accrued interest payable		(1,435,136)	
OPEB		(53,063,932)	
Net pension liability - MBERP		(117,238,611)	
Net pension liability - MBF&P		<u>(222,207,447)</u>	
Total long term liabilities			(565,890,975)

Property taxes that have met the earned criteria for recognition in the Statement of Activities and is recorded in receivables (net) in the Statement of Net Position. 956,711

In governmental funds, deferred outflows and inflows of resources relating to pensions and deferred refunding costs are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred refunding costs		1,163,079	
Deferred outflows of resources relating to MBERP		21,117,624	
Deferred outflows of resources relating to MBF&P		38,926,663	
Deferred inflows of resources relating to MBERP		(8,053,475)	
Deferred inflows of resources relating to MBF&P		<u>(11,621,210)</u>	
			41,532,681

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 position. 18,876,794

**Net position of governmental activities** \$ 487,944,401

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, 2015**

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property	\$ 128,130,702				\$ 6,820,207	\$ 134,950,909
Sales, use and fuel	1,068,686				3,538,820	4,607,506
Utility	11,481,300				711,635	12,192,935
Resort		67,999,916				67,999,916
Local business	4,629,996					4,629,996
Tax increment			38,094,108			38,094,108
Communication service	4,519,938					4,519,938
Other					2,298,784	2,298,784
Franchise fees	8,361,063					8,361,063
Permits	23,120,948				2,928	23,123,876
Intergovernmental	10,262,559			1,685,666	6,221,681	18,169,906
Charges for services	19,207,389				3,984,045	23,191,434
Rents and leases	6,751,611		128,132		254,339	7,134,082
Interest	3,865,262	84,186	111,273	884,778	98,563	5,044,062
Fines and forfeitures	1,829,301				860,877	2,690,178
Administrative fees	15,027,026					15,027,026
Special assessment		272,478		10,169		282,647
Impact fees					10,377,988	10,377,988
Other	1,545,080	10,925		2,027,936	562,017	4,145,958
<b>Total revenues</b>	<b>239,800,861</b>	<b>68,367,505</b>	<b>38,333,513</b>	<b>4,608,549</b>	<b>35,731,884</b>	<b>386,842,312</b>
<b>EXPENDITURES</b>						
Current:						
General government	41,128,668	1,151,678	5,889,295		359,200	48,528,841
Public safety	177,142,236		4,500,056	313,000	8,605,065	190,560,357
Physical environment	2,356,862			188,660	1,277,034	3,822,556
Transportation	4,012,788				5,108,057	9,120,845
Economic environment	1,180,846		2,385,988	21,696	1,699,177	5,287,707
Human services	1,795,040				1,097,076	2,892,116
Culture and recreation	33,193,450	14,388,286	821,852	1,295,882	2,423,893	52,123,363
Capital Outlay	294,350	157,102	3,453,173	33,859,121	6,793,133	44,556,879
Debt service:						
Principal retirement	870,000				15,911,013	16,781,013
Interest and fiscal charges	558,681	1,239			7,506,776	8,066,696
<b>Total expenditures</b>	<b>262,532,921</b>	<b>15,698,305</b>	<b>17,050,364</b>	<b>35,678,359</b>	<b>50,780,424</b>	<b>381,740,373</b>
Excess (deficiency) of revenues over (under) expenditures	(22,732,060)	52,669,200	21,283,149	(31,069,810)	(15,048,540)	5,101,939
<b>OTHER FINANCING SOURCES (USES)</b>						
Loan proceeds				313,000		313,000
Sale of capital assets	10,301		3,091			13,392
Transfers in	42,759,000			3,350,000	34,642,364	80,751,364
Transfers out	(11,248,923)	(48,435,804)	(8,578,060)	(378,525)	(1,637,059)	(70,278,371)
<b>Total other financing sources (uses)</b>	<b>31,520,378</b>	<b>(48,435,804)</b>	<b>(8,574,969)</b>	<b>3,284,475</b>	<b>33,005,305</b>	<b>10,799,385</b>
<b>Net change in fund balances</b>	<b>8,788,318</b>	<b>4,233,396</b>	<b>12,708,180</b>	<b>(27,785,335)</b>	<b>17,956,765</b>	<b>15,901,324</b>
Fund balances - beginning of year	50,502,891	\$ 19,586,549	\$ 15,498,962	\$ 184,360,349	\$ 88,839,533	\$ 358,788,284
Fund balances - end of year	<u>\$ 59,291,209</u>	<u>\$ 23,819,945</u>	<u>\$ 28,207,142</u>	<u>\$ 156,575,014</u>	<u>\$ 106,796,298</u>	<u>\$ 374,689,608</u>

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, 2015**

**Net change in fund balance - total governmental funds** \$ 15,901,324

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	\$	44,556,879	
Contributions proprietary funds, net		10,596	
Contributions from external sources		10,465,000	
Deletions		(80,669)	
Depreciation expense		<u>(21,488,124)</u>	
Excess of capital outlay over depreciation expense			33,463,682

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 position. Also, governmental funds report the effect of 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:

Proceeds of debt issuance/loan	\$	(313,000)	
Bonds principal retirement		15,700,772	
Loans principal retirement		1,080,241	
Net bond premium		485,984	
Net deferred refunding costs		(147,916)	
OPEB		<u>(5,861,959)</u>	
Total long term-debt retirement and related transactions			10,944,122

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		(1,058,468)	
Decrease in accrued interest expense		<u>93,441</u>	
Total additional expense			(965,027)

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contribution was:

MBERP		6,277,015	
MBF&P		<u>6,481,970</u>	
Total pension costs			12,758,985

Unearned revenue that meet the revenue recognition criteria in the Statement of Activities, but not the fund statements, i.e. property taxes. (1,851,630)

Internal funds are used by management to charge the costs of fleet management, property management, central services, self insurance, and communications to individual funds. 4,845,756

**Change in net position of governmental activities** \$ 75,097,212

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

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2015**

	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	\$ 8,887,386	\$ 44,163,890	\$ 53,855,994	\$ 17,593,514	\$ 35,126,068	\$ 159,626,852	\$ 59,264,086
Cash with fiscal agent							250,000
Restricted cash and investments:							
Revenue bonds covenant	6,403,813	9,339,699	6,016,356			21,759,868	
Accounts receivable (net of allowance for uncollectibles)	2,060,279	8,818,391	5,712,115	564,963	1,070,291	18,226,039	614,372
Accrued interest receivable	20,050	2,039	123			22,212	
Due from other governments				4,732,506		4,732,506	
Due from other funds	28,450	23,586	81,722		671,411	805,169	1,448,684
Prepaid expenses		1,396,054	43,222	154,092	27,917	225,231	1,883,149
Inventories						1,396,054	412,724
Total current assets	<u>17,399,978</u>	<u>63,743,659</u>	<u>65,709,532</u>	<u>23,045,075</u>	<u>36,895,687</u>	<u>206,793,931</u>	<u>63,873,015</u>
Noncurrent assets:							
Restricted cash and investments:							
Customer deposits and advance sales		6,527,115	443,251	1,646,340	223,830	8,840,536	
Interlocal agreement				4,914,641		4,914,641	
Revenue bonds covenant	107,942,138	30,114,308	7,172,845			145,229,291	
Capital assets:							
Land		1,492,598	18,844,498	2,089,371	3,408,962	25,835,429	608,520
Intangible assets			4,318,059			4,318,059	
Buildings and structures		7,948,552	98,565,923	181,098,041	31,915,725	319,528,241	2,601,827
Parking lots			9,314,771			9,314,771	
Mains and lines	69,597,927	153,925,242				223,523,169	
Meters and hydrants		13,053,540	19,323,025			32,376,565	
Machinery and equipment	1,743,957	51,568,521	5,724,223	18,714,729	3,561,677	81,313,107	63,035,310
Construction in progress	90,754,675	75,612,750	2,899,119	10,856,487	371,480	180,494,511	16,000
Less accumulated depreciation	(6,770,885)	(72,385,789)	(44,342,352)	(103,505,472)	(11,080,723)	(240,085,221)	(48,539,414)
Total capital assets (net of accumulated depreciation)	<u>153,325,674</u>	<u>231,215,414</u>	<u>114,647,266</u>	<u>109,253,156</u>	<u>28,177,121</u>	<u>636,618,631</u>	<u>17,722,243</u>
Total noncurrent assets	<u>261,267,812</u>	<u>267,856,837</u>	<u>122,263,362</u>	<u>115,814,137</u>	<u>28,400,951</u>	<u>795,603,099</u>	<u>17,722,243</u>
Total assets	<u>278,667,790</u>	<u>331,600,496</u>	<u>187,972,894</u>	<u>138,859,212</u>	<u>65,296,638</u>	<u>1,002,397,030</u>	<u>81,595,258</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Outflows - MBERP	564,028	1,500,270	2,439,972	53,217	1,755,136	6,312,623	2,738,574
Deferred Refunding	803,249	316,745	592,802			1,712,796	
Total deferred outflows of resources	<u>1,367,277</u>	<u>1,817,015</u>	<u>3,032,774</u>	<u>53,217</u>	<u>1,755,136</u>	<u>8,025,419</u>	<u>2,738,574</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	4,599,492	5,446,161	1,552,318	2,362,748	698,087	14,658,806	3,641,449
Retainage payable	1,933,124	1,069,169	136,776	3,945		3,143,014	
Accrued expenses	939,468	1,750,822	584,705	417,518	245,461	3,937,974	481,966
Due to other funds	11,000	29,000	40,712	2,289,884	231,806	2,602,402	107,523
Due to other governments			26,943		22,153	49,096	
Bonds payable	2,720,000	3,770,000	2,230,500			8,720,500	
Loans payable	36,630	96,397	94,404		100,462	327,893	3,495,127
Deposits		6,527,114	28,870	1,646,340		8,202,324	
Accrued compensated absences	105,557	421,360	537,164	10,065	394,396	1,468,542	505,330
Unearned revenues			412,249		57,815	470,064	
Pending insurance claims							8,250,000
Total current liabilities	<u>10,345,271</u>	<u>19,110,023</u>	<u>5,644,641</u>	<u>6,730,500</u>	<u>1,750,180</u>	<u>43,580,615</u>	<u>16,481,395</u>
Noncurrent liabilities:							
Pending insurance claims							6,014,000
Insurance claims incurred but not reported							20,175,418
Deposits			2,132		166,015	168,147	
Accrued compensated absences	78,335	88,107	241,836	32,856	216,245	657,379	762,185
Net pension liability - MBERP	3,422,905	8,341,170	13,100,061	279,892	11,891,880	37,035,908	12,857,055
Environmental remediation liability				150,000	200,000	350,000	
Loans payable	76,802	133,660	98,571		193,251	502,284	8,283,795
Revenue bonds payable (net of unamortized discounts)	<u>187,825,307</u>	<u>105,798,678</u>	<u>36,245,402</u>	<u>462,748</u>	<u>12,667,391</u>	<u>329,869,387</u>	<u>48,092,453</u>
Total noncurrent liabilities	<u>191,403,349</u>	<u>114,361,615</u>	<u>49,688,002</u>	<u>462,748</u>	<u>12,667,391</u>	<u>368,583,105</u>	<u>64,573,848</u>
Total liabilities	<u>201,748,620</u>	<u>133,471,638</u>	<u>55,332,643</u>	<u>7,193,248</u>	<u>14,417,571</u>	<u>412,163,720</u>	<u>81,595,258</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Other deferred revenue				675,000		675,000	
InfloWS - MBERP	235,130	572,980	899,883	19,227	816,889	2,544,109	883,190
Total deferred inflows of resources	<u>235,130</u>	<u>572,980</u>	<u>899,883</u>	<u>694,227</u>	<u>816,889</u>	<u>3,219,109</u>	<u>883,190</u>
<b>NET POSITION</b>							
Net investment in capital assets	55,606,213	134,808,724	83,318,146	109,249,211	27,883,408	410,865,702	5,943,321
Restricted:							
Interlocal agreement				544,383		544,383	
Debt covenant	18,669,065	22,975,727	6,016,356			47,661,148	
Unrestricted	<u>3,776,039</u>	<u>41,588,442</u>	<u>45,438,640</u>	<u>21,231,360</u>	<u>23,933,906</u>	<u>135,968,387</u>	<u>12,933,473</u>
Total net position	<u>\$ 78,051,317</u>	<u>\$ 199,372,893</u>	<u>\$ 134,773,142</u>	<u>\$ 131,024,954</u>	<u>\$ 51,817,314</u>	<u>\$ 595,039,620</u>	<u>\$ 18,876,794</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 POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended September 30, 2015**

	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>Operating revenues:</b>							
Charges for services	\$ 21,258,353	\$ 75,754,595	\$ 40,333,009	\$ 17,147,941	\$ 13,594,799	\$ 168,088,697	\$ 76,435,495
Permits, rentals, and other		285,399	2,339,878		6,891,312	9,516,589	1,435,829
<b>Total operating revenues</b>	<b>21,258,353</b>	<b>76,039,994</b>	<b>42,672,887</b>	<b>17,147,941</b>	<b>20,486,111</b>	<b>177,605,286</b>	<b>77,871,324</b>
<b>Operating expenses:</b>							
Personal services	2,418,606	7,397,897	11,333,193	5,289,066	8,847,908	35,286,670	10,683,268
Operating supplies	17,860	21,270	181,623	44,802	28,663	294,218	3,340,989
Contractual services	1,004,910	41,851,268	9,290,464	2,400,963	7,234,388	61,781,993	11,597,427
Utilities	131,791	854,193	2,011,877	1,239,270	188,516	4,425,647	2,739,345
Insurance			158,941	95,264		254,205	9,891,307
Internal charges	359,129	2,755,620	3,444,592	1,113,437	1,608,522	9,281,300	1,365,994
Depreciation	2,115,169	4,776,284	6,518,607	5,362,667	1,124,312	19,897,039	5,039,444
Administrative fees	631,000	3,379,000	1,745,001	308,000	1,572,000	7,635,001	1,100,000
Claims and judgements							27,261,561
Other operating	872,332	646,990	2,542,689	202,170	748,220	5,012,401	553,007
<b>Total operating expenses</b>	<b>7,550,797</b>	<b>61,682,522</b>	<b>37,226,987</b>	<b>16,055,639</b>	<b>21,352,529</b>	<b>143,868,474</b>	<b>73,572,342</b>
<b>Operating income (loss)</b>	<b>13,707,556</b>	<b>14,357,472</b>	<b>5,445,900</b>	<b>1,092,302</b>	<b>(866,418)</b>	<b>33,736,812</b>	<b>4,298,982</b>
<b>Nonoperating revenues</b>							
(expenses):							
Intergovernmental			2,768,345	9,232,506		12,000,851	
Interest and fiscal charges	(2,832,474)	(3,037,134)	(562,533)		(8,928)	(6,441,069)	(269,098)
Gain (loss) on disposal of capital assets	36,889	30,607	35,144	3,969	63,404	170,013	374,279
Unrealized gains (losses) on investments	69,807	14,106	2,898			86,811	
Interest income	67,119	267,608	445,532	69,399	139,338	988,996	220,847
<b>Total nonoperating revenues (expenses)</b>	<b>(2,658,659)</b>	<b>(2,724,813)</b>	<b>2,689,386</b>	<b>9,305,874</b>	<b>193,814</b>	<b>6,805,602</b>	<b>326,028</b>
<b>Income (loss) before contributions and transfers</b>	<b>11,048,897</b>	<b>11,632,659</b>	<b>8,135,286</b>	<b>10,398,176</b>	<b>(672,604)</b>	<b>40,542,414</b>	<b>4,625,010</b>
<b>Capital contributions</b>			(165,207)			(165,207)	166,411
Transfers in	311		177,840	189	666,706	845,046	404,060
Transfers out	(658,000)	(27,311)	(9,788,437)	(863,189)	(35,437)	(11,372,374)	(349,725)
<b>Change in net position</b>	<b>10,391,208</b>	<b>11,605,348</b>	<b>(1,640,518)</b>	<b>9,535,176</b>	<b>(41,335)</b>	<b>29,849,879</b>	<b>4,845,756</b>
<b>Net position - beginning, as restated. See NOTE 18</b>	<b>67,660,109</b>	<b>187,767,545</b>	<b>136,413,660</b>	<b>121,489,778</b>	<b>51,858,649</b>	<b>565,189,741</b>	<b>14,031,038</b>
<b>Total net position - ending</b>	<b>\$ 78,051,317</b>	<b>\$ 199,372,893</b>	<b>\$ 134,773,142</b>	<b>\$ 131,024,954</b>	<b>\$ 51,817,314</b>	<b>\$ 595,039,620</b>	<b>\$ 18,876,794</b>

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, 2015**

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Cash flows from operating activities:							
Receipts received from customers	\$ 20,272,590	\$ 74,462,698	\$ 39,897,731	\$ 16,640,699	\$ 13,621,095	\$ 164,894,813	\$ 76,221,934
Payments to suppliers	(3,149,038)	(42,447,153)	(13,391,075)	(4,082,027)	(8,517,006)	(71,586,299)	(29,126,377)
Payments to employees	(2,412,002)	(7,337,313)	(11,302,173)	(5,288,383)	(8,815,130)	(35,155,001)	(10,652,929)
Payments on behalf of employees	(130,741)	(444,406)	(781,705)	(17,787)	(249,806)	(1,624,445)	(1,111,069)
Payments for claims and judgements							(23,639,045)
Payments for interfund services used	(990,129)	(6,134,620)	(5,189,593)	868,447	(3,296,543)	(14,742,438)	(2,096,420)
Receipts for other operating revenues	(990,129)	285,399	2,339,878		6,891,312	9,516,589	1,417,422
Net cash provided by (used in) operating activities	<u>13,590,680</u>	<u>18,384,605</u>	<u>11,573,063</u>	<u>8,120,949</u>	<u>(366,078)</u>	<u>51,303,219</u>	<u>11,013,516</u>
Cash flows for non-capital financing activities:							
Contributions from other governments			2,768,345	7,644,636		10,412,981	
Transfers in	311		177,840	189	666,706	845,046	404,060
Transfers out	(658,000)	(27,311)	(9,788,437)	(863,189)	(35,437)	(11,372,374)	(349,725)
Net cash provided by (used in) non-capital financing activities	<u>(657,689)</u>	<u>(27,311)</u>	<u>(6,842,252)</u>	<u>6,781,636</u>	<u>631,269</u>	<u>(114,347)</u>	<u>54,335</u>
Cash flows from capital and related financing activities:							
Proceeds from loan							2,150,173
Principal paid on loan	(35,173)	(138,114)	(137,537)		(129,112)	(439,936)	(3,929,614)
Proceeds from issuance of bonds	99,590,000					99,590,000	
Bond issuance costs	(830,327)					(830,327)	
Proceeds from bond premium	1,240,327					1,240,327	
Interest and fiscal charges	(1,623,689)	(3,057,043)	(573,869)		(8,987)	(5,263,588)	(275,471)
Principal paid on bond	(2,620,000)	(4,935,000)	(2,134,228)			(9,689,228)	
Purchase of capital assets	(25,802,803)	(15,580,888)	(5,355,994)	(11,069,738)	(1,852,446)	(59,661,869)	(3,432,377)
Proceeds from sale of capital assets	36,889	30,607	35,144	3,970	88,407	195,017	399,707
Net cash provided by (used in) capital and related financing activities	<u>69,955,224</u>	<u>(23,680,438)</u>	<u>(8,166,484)</u>	<u>(11,065,768)</u>	<u>(1,902,138)</u>	<u>25,140,396</u>	<u>(5,087,582)</u>
Cash flows from investing activities:							
Unrealized gain (loss) on investment	69,807	14,106	2,898			86,811	
Interest on investments	82,368	275,893	447,139	69,399	139,338	1,014,137	220,847
Net cash provided by investing activities	<u>152,175</u>	<u>289,999</u>	<u>450,037</u>	<u>69,399</u>	<u>139,338</u>	<u>1,100,948</u>	<u>220,847</u>
Net increase (decrease) in cash and equivalents	83,040,390	(5,033,145)	(2,985,636)	3,906,216	(1,497,609)	77,430,216	6,201,116
Cash and investments - beginning of year	<u>40,192,947</u>	<u>95,178,157</u>	<u>70,474,082</u>	<u>20,248,279</u>	<u>36,847,507</u>	<u>262,940,972</u>	<u>53,312,970</u>
Cash and investments - end of year	<u>\$ 123,233,337</u>	<u>\$ 90,145,012</u>	<u>\$ 67,488,446</u>	<u>\$ 24,154,495</u>	<u>\$ 35,349,898</u>	<u>\$ 340,371,188</u>	<u>\$ 59,514,086</u>
Classified as:							
Current assets	\$ 8,887,386	\$ 44,163,890	\$ 53,855,994	\$ 17,593,514	\$ 35,126,068	\$ 159,626,852	\$ 59,514,086
Restricted assets	114,345,951	45,981,122	13,632,452	6,560,981	223,830	180,744,336	
Total cash and investments	<u>\$ 123,233,337</u>	<u>\$ 90,145,012</u>	<u>\$ 67,488,446</u>	<u>\$ 24,154,495</u>	<u>\$ 35,349,898</u>	<u>\$ 340,371,188</u>	<u>\$ 59,514,086</u>
Non-cash transactions affecting financial position:							
Change in construction and related liabilities	\$ 1,288,193	\$ 1,012,670	\$ 162,530	\$ 2,076,428	\$ 4,986	\$ 4,544,807	\$ 158,683
Capital contributions			(165,207)			(165,207)	158,683
Change in deferred refunding costs	159,262	38,785	85,707			283,754	
Change in bond discount/premium	(152,283)	11,268	(76,287)			(217,302)	
Unrealized gain (loss) on investment	280,860	14,106	2,898			297,864	
Total Non-cash transactions affecting financial position	<u>\$ 1,576,032</u>	<u>\$ 1,076,829</u>	<u>\$ 9,641</u>	<u>\$ 2,076,428</u>	<u>\$ 4,986</u>	<u>\$ 4,743,916</u>	<u>\$ 158,683</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, 2015

(continued)

	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 income (loss)	\$ 13,707,556	\$ 14,357,472	\$ 5,445,900	\$ 1,092,302	\$ (866,418)	\$ 33,736,812	\$ 4,298,982
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:							
Depreciation	2,115,169	4,776,284	6,518,607	5,362,667	1,124,312	19,897,039	5,039,444
Pension expense	(130,741)	(444,406)	(781,705)	(17,787)	(249,806)	(1,624,445)	(1,111,069)
Provision for uncollectible accounts	209,355	404,436	127,282		606,409	1,347,482	15,262
Changes in assets/liabilities and deferred inflows:							
(Increase) decrease in inventories		(169,444)				(169,444)	(50,332)
(Increase) decrease in accounts receivable	(1,141,268)	(1,502,890)	(459,324)	(255,643)	(262,228)	(3,621,353)	(242,295)
(Increase) decrease in due from other funds	(28,450)	(23,586)	(46,057)		(418,766)	(516,859)	333,594
(Increase) decrease in prepaid expense			15,531	51,085	(23,434)	43,182	(529,221)
Increase (decrease) in accounts payable	(1,168,269)	884,901	521,074	(109,200)	(5,243)	123,263	(722,890)
Increase (decrease) in accrued expenses	62,158	245,960	281,287	(41,312)	(269,950)	278,143	301,306
Increase (decrease) in deposits		(28,724)	(657)	(251,599)	(87,986)	(368,966)	
Increase (decrease) in due to other governments			26,021		(3,027)	22,994	
Increase (decrease) in due to other funds	(25,400)	(141,133)	(76,745)	2,289,884	75,252	2,121,858	36,563
Increase (decrease) in unearned revenues			20,223		6,320	26,543	
Increase in pending insurance claims							1,127,783
(Decrease) in insurance claims incurred but not reported							2,494,733
Increase (decrease) in accrued compensated absences	(9,430)	25,735	(18,374)	552	8,487	6,970	21,656
Total adjustments	(116,876)	4,027,133	6,127,163	7,028,647	500,340	17,566,407	6,714,534
Net cash provided by (used in) operating activities	<u>\$ 13,590,680</u>	<u>\$ 18,384,605</u>	<u>\$ 11,573,063</u>	<u>\$ 8,120,949</u>	<u>\$ (366,078)</u>	<u>\$ 51,303,219</u>	<u>\$ 11,013,516</u>

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

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

**September 30, 2015**

	Trust Funds	Agency Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 6,176,927	\$ 12,373,948
Receivables:		
Accounts, net		165,309
Accrued interest	2,514,248	
Contributions	951,158	
Other	353,158	
Prepaid expenses	4,390	
Investments, at fair value:		
Short-term investments	13,072,508	
U.S. Government securities	134,654,970	
Corporate bonds and notes	215,845,625	
Bond Funds	51,862,592	
Foreign Bonds	46,577,580	
Common stocks and index funds	589,411,445	
Foreign Stocks	99,879,729	
Real estate funds	97,154,516	
Mutual funds	46,664,939	
Total investments	1,295,123,904	
Total assets	1,305,123,785	\$ 12,539,257
<b>Liabilities</b>		
Accounts payable	396,175	\$ 278,974
Accrued expenses	202,003	
Deposits		12,260,283
Total liabilities	598,178	\$ 12,539,257
<b>Net Position</b>		
Restricted for pension benefits	1,279,673,013	
Restricted for OPEB benefits	24,852,594	
Total net position	\$ 1,304,525,607	

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

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

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

**For the Fiscal Year Ended September 30, 2015**

	<u>Trust Funds</u>
Additions:	
Contributions -	
Employer	\$ 59,632,460
Employee	13,254,597
State of Florida	2,298,784
Total contributions	<u>75,185,841</u>
Investment Income (loss) -	
Net increase/(decrease) in fair value of investments	(19,083,784)
Interest and dividends income	24,286,721
	<u>5,202,937</u>
Investment management expenses	(4,206,290)
Net investment income	<u>996,647</u>
Total additions	<u>76,182,488</u>
Deductions:	
Benefit paid	101,443,309
Contributions refunded	1,027,986
Administrative expenses	1,758,907
Total deductions	<u>104,230,202</u>
Net increase	<u>(28,047,714)</u>
Net position - amount restricted for pension and OPEB benefits - beginning of year	1,332,573,321
Net position - amount restricted for pension and OPEB benefits - end of year	<u>\$ 1,304,525,607</u>

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

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

**NOTE 1 - 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.

**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 presented herein, although legally separate entities, are substantively the same as the governing body of the primary government, and management of the primary government has operational responsibility for the component unit. 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 2015.

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 2015.

Miami Beach Neighborhood Improvement District No. 3

The Miami Beach Neighborhood Improvement District No. 3 (the "NID No.3") was created under Chapter 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 2015.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

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". It is also reported in the supplementary information, Non-Major Special Revenue Funds under the column "Other Special Revenue Fund".

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. 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 Position, 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.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

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 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.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

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.

**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 assets.

**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 Insurance – accounts for the City's Risk insurance operations, both retained and insured.
- Health Insurance – accounts for the City's Health insurance operations, both retained and insured.
- Communications – accounts for centralized telecommunications and information technology operations.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(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. Exceptions to this general rule are charges between the City's enterprise funds and the General Fund as well as cost reimbursement transactions between the enterprise funds and various other functions of City government. Elimination of these charges would distort the direct costs and program revenues reported for those sectors. 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, 2015**  
**(Continued)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance or Equity**

1. *Cash and investments*

All cash and investments are reflected as pooled cash and investments except for amounts held by fiscal agent. 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, 2015:

- 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, 2015, but not collected as of that date;
- c. Resort Taxes Receivable – This amount represents resort taxes due by September 30, 2015, 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, 2015.
- f. Intergovernmental Receivable – This amount represents grant revenue earned but not received by the City as of September 30, 2015, state revenue sharing received within 45 days of year end, and Miami-Dade County revenue sharing related to CDT receipts.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(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 includes a nonspendable amount 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, 2015 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 position 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. The governmental fund types report unspent bond proceeds as restricted on the statement of net position.

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 \$5,000 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.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(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:

Capital Assets Category	Capitalizing Threshold	Estimated Useful Life (in years)
Land	Capitalize all	Not depreciable
Intangible assets	Capitalize all	Not depreciable
Construction in progress	\$ 100,000	Not depreciable
Building and structure	100,000	50 years
Permanent improvements	100,000	Limited to useful life of bldg. not to exceed 35 years
Furniture & equipment	5,000	7 years
Motor vehicles	5,000	5 years
Motor vehicles greater than \$50,000	50,000	10 years
Maintenance and heavy moving equipment	5,000	15 years
Infrastructure	100,000	30-50 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. 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 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.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
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9. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category.

- a. A deferred charge on refunding reported in the government-wide and proprietary fund statement of net position. Deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- b. Deferred outflows of resources related to GASB 68 are recognized when the City makes contributions subsequent to the measurement date of the actuarially calculated net pension liability and variances between expected and actual earnings on investment. The deferred outflows of resources are only reported on the Proprietary funds and the Government-Wide financial statements. The City has two pension plans that result in the recognition of these deferred outflows, MBERP and MBF&P.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of item that qualify for reporting in this category.

- a. Unavailable property taxes, is reported only in the governmental funds balance sheet. The government wide statement reports deferred inflows as a result of receiving grants with grantor stipulations that funds received cannot be used until future periods. These amounts are capitalized and recognized as an inflow of resources in the period that the time requirements have been met and the amounts may be spent.
- b. Deferred inflows of resources related to GASB 68 are recognized when changes in the net pension liability are not included in the pension expense of the actuarially calculated net pension liability, such as the difference between projected and actual earnings. The deferred inflows of resources are only reported on the Proprietary funds and the Government-Wide financial statements. The City has two pension plans that result in the recognition of these deferred inflows, MBERP and MBF&P.

10. *Net Position/ Fund Equity*

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions 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.

On June 5, 1996, the City Commission adopted Resolution No. 96-22014 which appropriated \$10 million into a reserve for contingencies in the General Fund. This resolution called for this reserve to remain at 11% of the General Fund operating budget of the ensuing year. On February 18, 1998, the City Commission adopted Resolution No. 98-22661 which defined a public emergency for which funds could be used as well as stipulating that expenditure specifically requires a 5/7 vote rather than a majority of the Commission.

On September 21, 2006, the Commission adopted Resolution No. 2006-26341 which stated that in addition to the 11% of General Fund operating budget emergency reserve, the City shall have a goal to maintain a General Fund reserve for contingencies equal to 6% of the General Fund operating

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budget. In combination with the 11% of emergency reserve, this represents 2 months of the General Fund operating budget expenditures. If the reserve for contingencies level falls below the 6% level, a plan of action will be required to increase the reserves over three to seven years (to at least 6%) and a percentage of any additional undesignated fund balance shall be earmarked toward attainment of the 6% level.

When both restricted and unrestricted amounts are available for use, it is the City's practice to use restricted resources first. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance.

The City reports the following fund balance classifications for the governmental fund balance:

- 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 City Commission through an ordinance or resolution which are equally binding as the highest decision making authority. The Commission adopts a City resolution, which includes the amount to be committed and the reason for the commitment. Only an adopted resolution by the Commission can establish, modify or rescind the commitment.
- Assigned Fund Balance – amounts that are constrained by the City Commission intent to be used for specific purposes, but are neither restricted nor committed. Some amounts are approved and committed by the City commission subsequent to September 30, 2015.
- Unassigned Fund Balance – may include residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as follows:

- a. Net Investment in Capital Assets – is intended to reflect the portion of net position which are associated with capital assets, less outstanding capital assets related debt, net of unspent bond and loan proceeds.
- b. Restricted Net Position – have third party (statutory, bond covenant or granting agency) limitations on their use, or enabling legislation.
- c. Unrestricted Net Position – 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.

*11. Restricted Component of Net Position*

Restricted Net Position consists of amounts restricted to comply with grant contracts and other externally imposed constraints or by legislation that are legally enforceable. At September 30, 2015, the Government-wide statement of net position reports \$220,238,549 in restricted net position. Of this amount, \$217,282,505 is restricted as a result of enabling legislation.

*12. 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.

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**SEPTEMBER 30, 2015**  
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*13. 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.

*14. Employee Benefits Plans*

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 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.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Miami Beach Employees' Retirement System (MBERP), and Miami Beach Retirement Systems for Firefighters and Police Officers (MBF&P) and additions to and deletions from the systems fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments, including refunds of employees contributions are recognized when due and payable in accordance with the benefit terms discussed in NOTE 16. Investments are reported at fair value.

*15. 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. The City has established an irrevocable trust fund to hold the assets of the OPEB plan. OPEB liabilities reported in the statement of activities are typically liquidated from the general fund.

*16. 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.

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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.

*17. Recent Accounting Pronouncements Adopted/Implemented*

On October 1, 2014 the City adopted GASB Statement No. 68 "Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27" (GASB 68) and GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date" which is effective for periods beginning after June 15, 2014. The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of the state and local governmental employers through pension plans that are administered through trusts that meet certain characteristics. This Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of these statements resulted in the recognition of a significant liability on the financial statements and a prior period adjustment see Note 16 and Note 18.

**NOTE 2 - Stewardship, compliance, and accountability**

Unrestricted Net Position

At September 30, 2015 the City's Internal Service Risk Insurance fund has a cumulative deficit of approximately \$4.2 million. The decrease in net position was \$1.8 million. During the fiscal year, the self-insurance funds received \$14.6 million in operating revenues and \$.1 million in interest income. It also incurred \$17 million in operating expenses which includes \$3.7 million in actuarially determined liabilities related to case reserve and IBNR and \$.8 million related to the recognition of the net pension liability required by GASB 68. It is the City's intention to continue to increase revenues and thus reduce the deficit in future years.

**NOTE 3 - 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.

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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

As of September 30, 2015, 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	\$ 138,688,292	\$ 17,219,510	\$ 121,468,782
U.S. treasuries	207,646,809	68,792,571	138,854,238
Corporate bonds	35,789,839	23,639,594	12,150,245
Israeli bonds	5,000,000	3,000,000	2,000,000
Money Market Trust	5,942,541	5,942,541	
Repurchase agreement	294,451,008	294,451,008	
Total	\$ <u>687,518,489</u>	\$ <u>413,045,224</u>	\$ <u>274,473,265</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. There were no individual investments that represent five percent or more of total investments at September 30, 2015.

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.

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**NOTES TO FINANCIAL STATEMENTS**  
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As of September 30, 2015 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
US Government Agencies:				
	FHLB	AA+	Aaa	\$ 43,490,753
	FNMA	AA+	Aaa	42,182,184
	FHLMC	AA+	Aaa	43,011,765
	FFCB	AA+	Aaa	10,003,590
				<u>138,688,292</u>
US Government Treasuries:				
	U. S. Government	AA+	Aaa	207,646,809
				<u>207,646,809</u>
Corporate Bonds:				
	GE Capital	AA+	Aa3	5,000,300
	IBM Corporation	AA-	Aa3	7,081,263
	Procter & Gamble	AA-	Aa3	6,673,060
	Toyota Motor Credit	AA-	Aa3	5,055,045
	Berkshire Hathaway	AA	Aa2	7,095,200
	3M Company	AA-	Aa2	4,884,971
				<u>35,789,839</u>
Israeli Bonds:				
	State of Israel	A+	A1	5,000,000
				<u>5,000,000</u>
Money Market Trust:				
	U. S. Government	AA+	Aaa	5,749,116
	Other	N/A	N/A	193,425
				<u>\$ 5,942,541</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
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The City's cash and investments held at September 30, 2015 (including restricted cash and cash with paying agent) are shown below:

	<u>Carrying Amount</u>	<u>% of Portfolio</u>
U.S. government agency	\$ 138,627,907	20.0 %
U.S. treasuries	207,485,153	30.0
Corporate bonds	35,695,545	5.0
Israeli Bond	5,000,000	1.0
Money market trust	5,942,541	1.0
Repurchase agreements	294,451,009	43.0
Total City Investments	687,202,155	100.0 %
City funds managed by others:		
Cash with fiscal agent	250,000	
Common stock	40,332	
Demand deposit	113,152,545	
Total cash and investments	\$ 800,645,032	

Schedule of cash and investments by funds:

General	\$ 65,426,883
Resort Tax	20,712,518
Redevelopment Agency	28,361,091
Capital Projects	165,528,746
Storm Water	123,233,337
Water & Sewer	90,145,014
Parking	67,488,446
Convention Center Complex	24,154,495
Internal Service	59,514,085
Agency	12,373,948
Nonmajor Governmental	108,356,570
Nonmajor Enterprise	35,349,899
Total cash and investments	\$ 800,645,032

**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.

**CITY OF MIAMI BEACH, FLORIDA**  
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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 cannot 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). Each Plan is allowed to invest in a wide range of instruments including but not limited to United States Treasury obligations, loans guaranteed by government agencies, Mutual and Money Market funds, Private Placement, Real Estate funds, General Obligation or Revenue Bonds issued by states and municipalities, dividend paying stocks of domestic corporations, International Equity Funds, bonds, notes or other interest bearing obligations of domestic corporations, and shares and accounts of savings and loan associations. Each Plan has a Board of Trustees who authorizes the investment policy.

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, 2015.

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

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More than 10
U.S. Government Securities	\$ 30,501,825	\$	\$ 3,267,393	\$ 9,189,765	\$ 18,044,667
Corporate bonds and notes	208,341,514	6,064,052	95,954,820	100,241,669	6,080,973
Foreign Bonds	14,847,400		6,037,146	8,810,254	
Private Placement	31,448,351	932,861	6,506,264	19,335,712	4,673,514
Total	\$ <u>285,139,090</u>	\$ <u>6,996,913</u>	\$ <u>111,765,623</u>	\$ <u>137,577,400</u>	\$ <u>28,799,154</u>

**Employees' Retirement Plan:**

Investment Type	Fair Value	Investment Maturities (in years)	
		Less Than 1	1-5
Corporate bonds and notes	\$ 102,970,038	\$ 102,970,038	\$
Bond Funds	51,862,592		51,862,592
Total	\$ <u>154,832,630</u>	\$ <u>102,970,038</u>	\$ <u>51,862,592</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Firemen's Relief and Pension Fund:**

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	More 6-10	More than 10
U.S. Government Securities	\$ 868,233	\$ 51,591	\$ 209,642	\$ 202,631	\$ 404,369
Corporate bonds and notes	5,142,367	252,632	1,525,829	2,760,151	603,755
Total	\$ 6,010,600	\$ 304,223	\$ 1,735,471	\$ 2,962,782	\$ 1,008,124

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

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	6-10
U.S. Government Securities	\$ 314,874	\$	\$ 160,446	\$ 154,428
Corporate bonds and notes	2,361,744		979,916	1,381,828
Short-term obligations	250,962	250,962		
Total	\$ 2,927,580	\$ 250,962	\$ 1,140,362	\$ 1,536,256

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 Poor's 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 Poor's 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. There were no individual investments that represent five percent or more of the fiduciary net position at September 30, 2015.

Foreign Currency Risk Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Plan has exposure through international holding in a private placement trust fund. The Plan has exposure to currency fluctuations at September 30, 2015 as follows:

**CITY OF MIAMI BEACH, FLORIDA**  
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	Holdings Valued in U.S. Dollars Private Placement City Pension Fund for Police and Fire
Australian Dollar	\$ 13,236
Brazilian Real	(56,019)
British Pound Sterling	3,878,090
Canadian Dollar	16,479
Euro	13,930,887
Japanese Yen	11,094,319
Mexican Peso	211,029
South African Rand	(4,982)
Other	1,838,447
Total	\$ 30,921,486

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, 2015.

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

	Fair Value	Percentage of Portfolio
U.S. Government Securities	\$ 30,501,825	10.70 %
Quality rating of credit risk debt securities		
AAA	10,149,088	3.56
AA+	14,449,062	5.07
AA	15,058,967	5.28
AA-	21,475,606	7.53
A+	20,752,837	7.28
A	62,173,174	21.80
A-	57,682,976	20.23
BBB+	37,514,615	13.16
BBB	10,441,059	3.66
BBB-	2,624,907	0.92
BB+	98,245	0.03
BB	121,320	0.04
BB-	382,821	0.13
B+	81,888	0.03
B	369,811	0.13
B-	328,026	0.12
Total credit risk debt securities	253,704,402	88.98
* Not Rated	932,863	0.32
Total fixed income securities	\$ 285,139,090	100.00 %

**CITY OF MIAMI BEACH, FLORIDA  
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**Miami Beach Employees' Retirement Plan:**

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	
Quality rating of credit risk debt securities			
AA+	\$ 102,970,038	66.50	%
AA	51,862,592	33.50	
Total credit risk debt securities	<u>\$ 154,832,630</u>	<u>100.00</u>	

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

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	
U.S. Government Securities	\$ 868,233	14.45	%
Quality rating of credit risk debt securities			
Aa1	54,203	0.90	
Aa2	321,865	5.35	
Aa3	312,735	5.20	
BAA1	616,111	10.25	
BAA2	150,379	2.50	
A1	712,226	11.85	
A2	1,422,128	23.66	
A3	1,552,720	25.83	
Total credit risk debt securities	<u>5,142,367</u>	<u>85.55</u>	
Total fixed income securities	<u>\$ 6,010,600</u>	<u>100.00</u>	%

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

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	
U.S. Government Securities	\$ 314,874	11.76	%
Quality rating of credit risk debt securities			
AA+	99,579	3.72	
AA-	229,968	8.59	
A+	328,428	12.27	
A	729,433	27.25	
A-	758,773	28.35	
BBB+	215,563	8.05	
Total credit risk debt securities	<u>2,361,744</u>	<u>88.24</u>	
Total fixed income securities	<u>\$ 2,676,618</u>	<u>100.00</u>	%

**CITY OF MIAMI BEACH, FLORIDA**  
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As of September 30, 2015 the System had the following cash and investments in its portfolio:

	Fair Value
Short term investments	\$ 13,072,508
U.S. government securities	134,654,970
Corporate bonds and notes	215,845,625
Bond funds	51,862,592
Foreign bonds	46,577,580
Common stock and index funds	589,411,445
Foreign stocks	99,879,729
Real estate funds	97,154,516
Mutual funds	46,664,939
Cash	6,176,927
Total cash and investments	\$ 1,301,300,831

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 \$3,125,138 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 cannot be released, substituted or sold without the component unit's approval and release of the security.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

**NOTE 4 - Receivables**

Receivables at September 30, 2015 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 Funds						
		General	Resort Tax	Redevelopment Agency	Capital Projects	Nonmajor Funds	Total	
Receivables:								
Accounts	\$	7,434,344	\$ 4,109,415	\$ 15,417	\$ 2,779	\$ 3,119,339	\$ 14,681,294	
Special Assessments			937,342		51,227		988,569	
Gross receivables		7,434,344	5,046,757	15,417	54,006	3,119,339	15,669,863	
Less: allowance for uncollectible accounts		(3,681,295)				(2,333,805)	(6,015,100)	
Net total receivables	\$	3,753,049	\$ 5,046,757	\$ 15,417	\$ 54,006	\$ 785,534	\$ 9,654,763	
		Proprietary Funds						
		Storm Water	Water and Sewer	Parking	Convention Center Complex	Nonmajor Funds	Internal Service	Total
Receivables:								
Accounts	\$	2,992,290	\$ 11,313,961	\$ 6,029,716	\$ 564,963	\$ 2,739,343	\$ 681,583	\$ 24,321,856
Gross receivables		2,992,290	11,313,961	6,029,716	564,963	2,739,343	681,583	24,321,856
Less: allowance for uncollectible accounts		(932,011)	(2,495,570)	(317,601)		(1,669,052)	(67,211)	(5,481,445)
Net total receivables	\$	2,060,279	\$ 8,818,391	\$ 5,712,115	\$ 564,963	\$ 1,070,291	\$ 614,372	\$ 18,840,411

**NOTE 5 - Property Taxes**

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**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

**NOTE 6 - Capital assets**

Capital asset activities for the year ended September 30, 2015 were as follows:

**Primary Government  
Governmental activities:**

	Beginning Balance	Adjustments/ Increases	Adjustments/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 52,223,503	\$ 6,535,173	\$	\$ 58,758,676
Intangible assets	4,181,941			4,181,941
Construction work-in-progress	86,291,419	41,299,894	4,651,731	122,939,582
Total capital assets, not being depreciated	142,696,863	47,835,067	4,651,731	185,880,199
Capital assets, being depreciated:				
Building	129,734,167	4,218,460	615,150	133,337,477
Permanent improvements	372,473,812	1,344,301		373,818,113
Furniture & fixtures	5,621,509	1,584,585	24,396	7,181,698
Equipment	77,136,908	5,606,958	4,542,900	78,200,966
Infrastructure	203,259,637	2,742,788		206,002,425
Total capital assets, being depreciated	788,226,033	15,497,092	5,182,446	798,540,679
Less: accumulated depreciation for:				
Building	53,357,778	2,554,942	534,481	55,378,239
Permanent improvements	104,259,251	10,545,031		114,804,282
Furniture & fixtures	3,108,878	718,763	28,015	3,799,626
Equipment	54,657,219	6,401,339	4,464,688	56,593,870
Infrastructure	112,035,543	6,307,493		118,343,036
Total accumulated depreciation	327,418,669	26,527,568	5,027,184	348,919,053
Total capital assets, being depreciated, net	460,807,364	(11,030,476)	155,262	449,621,626
Governmental activities capital assets, net	\$ 603,504,227	\$ 36,804,591	\$ 4,806,993	\$ 635,501,825

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

**Primary Government**  
**Business-type activities:**

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 25,835,429	\$	\$	\$ 25,835,429
Intangible assets	4,318,059			4,318,059
Construction work-in-progress	125,340,606	57,245,472	2,091,567	180,494,511
Total capital assets, not being depreciated	<u>155,494,094</u>	<u>57,245,472</u>	<u>2,091,567</u>	<u>210,647,999</u>
Capital assets, being depreciated:				
Main & lines	222,870,615	652,554		223,523,169
Building & structure	303,579,733	4,491,385	253,438	307,817,680
Meters & hydrants	30,508,315	1,868,250		32,376,565
Furniture, equipment & vehicles	81,398,516	2,150,320	2,235,729	81,313,107
Parking lots	21,249,318		223,986	21,025,332
Total capital assets, being depreciated	<u>659,606,497</u>	<u>9,162,509</u>	<u>2,713,153</u>	<u>666,055,853</u>
Less: accumulated depreciation for:				
Main & lines	39,163,908	4,666,475		43,830,383
Building & structure	116,047,520	7,945,138	136,447	123,856,211
Meters & hydrants	13,380,933	2,879,551		16,260,484
Furniture, equipment & vehicles	43,613,312	4,405,875	2,208,005	45,811,182
Improvements other than building	10,385,741		58,780	10,326,961
Total accumulated depreciation	<u>222,591,414</u>	<u>19,897,039</u>	<u>2,403,232</u>	<u>240,085,221</u>
Total capital assets, being depreciated, net	<u>437,015,083</u>	<u>(10,734,530)</u>	<u>309,921</u>	<u>425,970,632</u>
Business-type activities, combined capital assets, net	<u>\$ 592,509,177</u>	<u>\$ 46,510,942</u>	<u>\$ 2,401,488</u>	<u>\$ 636,618,631</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
General government	\$ 6,856,042
Public safety	2,950,362
Physical environment	388,449
Transportation	8,339,039
Economic environment	291,335
Human Services	3,353
Culture and recreation	<u>7,698,988</u>
Total depreciation expense - governmental activities	<u>\$ 26,527,568</u>
<b>Business-type activities</b>	
Storm Water	\$ 2,115,169
Water & Sewer	4,776,284
Parking Systems	6,518,607
Convention Center Complex	5,362,667
Nonmajor enterprise	<u>1,124,312</u>
Total depreciation expense - business-type activities	<u>\$ 19,897,039</u>

Accumulated Depreciation – For governmental activities, the increase in accumulated depreciation includes \$5,039,444 of depreciation expenses for internal services.

**NOTE 7 - Construction, other Commitments and Capitalized Interest**

At September 30, 2015 the City funds had 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	\$ 26,110,179
Storm Water Utility	16,647,293
Water & Sewer	9,020,797
Sanitation	375,596
Parking Systems	1,428,132
Non-major Enterprise	<u>381,997</u>
	<u>\$ 53,963,994</u>

The City funds had the following encumbrance commitments at September 30, 2015

General	\$ 682,196
Redevelopment Agency	19,125
Capital Project	26,110,179
Other Governmental	<u>7,772,993</u>
	<u>\$ 34,584,493</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

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	\$ 4,522,140	\$ 2,582,697
Water and Sewer	5,236,825	2,402,849
Parking Systems	1,937,172	1,387,508

**NOTE 8 - Interfund receivables, payables and transfers**

Interfund balances at September 30, 2015 consist of the following:

Due To	Due From									
	General	Redevelopment Agency	Capital Projects	Other Govern- mental	Storm Water	Water & Sewer	Parking Fund	Other Enterprise	Internal Service	Total
General	\$	\$ 6,653	\$ 10,484	\$ 3,129	\$	\$	\$	\$ 199,103	\$ 961,121	\$ 1,180,490
Resort Tax				690,641					2,000	692,641
Redevelopment Agency	849,691				500	1,000		468,569	270,272	1,590,032
Capital Projects	383,033									383,033
Other Governmental	177,614			1,003					5,152	183,769
Stormwater									11,000	11,000
Water & Sewer									29,000	29,000
Parking									39,000	40,712
Convention Center		2,289,884								2,289,884
Other Enterprise	70,351	3,330							81,722	231,806
Internal Service	224				27,950	22,586		150	56,613	107,523
	<u>\$ 1,480,913</u>	<u>\$ 2,299,867</u>	<u>\$ 10,484</u>	<u>\$ 694,773</u>	<u>\$ 28,450</u>	<u>\$ 23,586</u>	<u>\$ 81,722</u>	<u>\$ 671,411</u>	<u>\$ 1,448,684</u>	<u>\$ 6,739,890</u>

The outstanding balances between funds 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, 2015 consisted of the following:

Transfer In	Transfer Out											
	General	Resort Tax	Redevelopment Agency	Capital Projects	Other Govern- mental	Storm Water	Water Sewer	Parking	Con- vention Center	Other Enter- prise	Internal Service	Total
General	\$	\$ 34,359,000	\$	\$	\$	\$	\$ 8,400,000	\$	\$	\$	\$ 42,759,000	
Capital Projects	3,350,000										3,350,000	
Other Govern- mental	7,503,923	14,076,804	8,578,060	378,525	1,460,052	12,000	27,000	1,384,000	863,000	31,000	34,642,364	
Storm Water						311					311	
Parking					177,007					833	177,840	
Convention Ctr								189			189	
Other Enterprise						646,000				20,706	666,706	
Internal Service	395,000							4,437	4,437	186	404,060	
	<u>\$ 11,248,923</u>	<u>\$ 48,435,804</u>	<u>\$ 8,578,060</u>	<u>\$ 378,525</u>	<u>\$ 1,637,059</u>	<u>\$ 658,000</u>	<u>\$ 27,311</u>	<u>\$ 9,788,437</u>	<u>\$ 863,189</u>	<u>\$ 35,437</u>	<u>\$ 349,725</u>	<u>\$ 82,000,470</u>

**CITY OF MIAMI BEACH, FLORIDA**  
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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 finance various programs that the government must account for in other funds in accordance with budgetary authorizations. Major transfers for the year were:

The General Fund transferred \$4.9 million for debt service payments, \$2.2 million for capital renewal and replacement, \$1.4 million to the pay as you go capital fund and \$2.0 million for capital projects. \$34.0 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 \$1.2 million for debt services, \$5.8 million for transportation, \$1.2 million for cultural arts council programs and \$5.8 million to other funds to fund various south beach, middle and north beach approved projects. \$8.6 million was transferred from the Redevelopment Agency Fund to other governmental funds for debt service payments. \$8.4 million was transferred from the parking systems fund to the general fund for operating activities and \$1.3 million for transportation.

**NOTE 9 - 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, 2015, are as follows:

<u>September 30</u>	Business-type Operating Leases	Governmental Operating Leases
2016	\$ 1,903,641	\$ 2,733,462
2017	2,035,876	2,708,506
2018	1,987,115	2,732,322
2019	1,881,432	2,401,439
2020	1,909,588	2,277,820
2021 and thereafter	<u>23,311,969</u>	<u>16,408,116</u>
	<u>\$ 33,029,621</u>	<u>\$ 29,261,665</u>

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, 2015:

Parking facilities	\$ 7,947,504
Recreational facilities	15,831,132
Retail space	51,058,049
Marina	<u>5,654,752</u>
	80,491,437
Less: Accumulated depreciation	<u>(44,305,683)</u>
Net book value of leased assets	<u>\$ 36,185,754</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

**NOTE 10 - Long-Term debt**

**A. 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 \$53,755,000. 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, 2015 consist of the following:

Issue Name	Interest Rate	Year Issued	Final Maturity	Original Issue	Outstanding
General Obligation - Series 2003	2.00-5.25	2003	2033	\$ 62,465,000	\$ 28,080,000
General Obligation - Series 2011	3.00-5.00	2011	2023	<u>34,840,000</u>	<u>25,675,000</u>
Total General Obligation Bonds				<u>\$ 97,305,000</u>	<u>\$ 53,755,000</u>

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
2016	\$ 3,635,000	\$ 2,280,019	\$ 5,915,019
2017	3,740,000	2,170,969	5,910,969
2018	3,845,000	2,058,769	5,903,769
2019	3,995,000	1,904,969	5,899,969
2020	4,145,000	1,745,169	5,890,169
2021-2025	11,010,000	6,733,443	17,743,443
2026-2030	13,650,000	4,066,131	17,716,131
2031-2033	<u>9,735,000</u>	<u>888,750</u>	<u>10,623,750</u>
	53,755,000	21,848,219	75,603,219
Plus: Unamortized Bond Premium	<u>1,663,971</u>		<u>1,663,971</u>
	<u>\$ 55,418,971</u>	<u>\$ 21,848,219</u>	<u>\$ 77,267,190</u>

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. On December 1, 2011, the \$62,465,000 General Obligation Bonds, Series 2003 were partially refinanced by the issuance of the \$34,840,000 General Obligation Refunding Bonds, Series 2011.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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On December 1, 2011, the City issued \$34,840,000 in General Obligation Refunding Bonds, Series 2011. This Series of bonds were issued by the City for the purpose of (i) refunding the Series 2000 General Obligation Bonds maturing after December 1, 2011, and the Series 2003 General Obligation Bonds maturing on and after September 1, 2014 through and including September 1, 2023, and (ii) paying the costs of issuance of the Bonds. The General Obligation Refunding Bonds, Series 2011 will be payable from ad valorem taxes assessed, levied and collected, without limitation as to rate or amount, on all taxable property within the corporate limits of the City. The Series 2011 Bonds were issued with interest rates of 3.00% to 5.00% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2023.

At September 30, 2015, the City did not have any defeased General Obligation debt.

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

At September 30, 2015 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	\$ 210,000
1985C	Gulf Breeze fixed rate	Non Ad-Valorem	14,301,954	1,344,492
1985E	Gulf Breeze fixed rate	Non Ad-Valorem	22,500,000	6,930,000
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	23,160,000
2005A	Tax Increment Revenue Refunding Bonds	RDA Tax increment Revenue	51,440,000	27,815,000
2005B	Tax Increment Revenue Refunding Bonds	RDA Tax increment Revenue	29,330,000	17,175,000
	Total Special Obligation Bonds		<u>\$ 201,906,954</u>	<u>\$ 86,634,492</u>

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 1985C variable rate notes. \$14,977,000 was used to repay a portion of the outstanding principal from the 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 1985C outstanding debt relates to the construction of a Parking Garage. The Parking Enterprise Fund includes an outstanding amount of \$765,500 that relates to this debt.

On July 1, 1998, the Agency issued \$29,105,000 (Series 1998A) and \$9,135,000 (Series 1998B) in tax-increment bonds. The net trust fund revenue received by the Agency from the City Center/Historic Convention Village Redevelopment and Revitalization Area, and 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. 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, 2015.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

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 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 the net trust fund revenue received by the Agency from the Redevelopment Area, and 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. At September 30, 2015, the Agency did not have any defeased 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 position. At September 30, 2015, \$1,470,000 is still considered defeased.

At September 30, 2015 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
2016	\$ 12,754,492	\$ 4,328,256	\$ 17,082,748
2017	11,055,000	3,711,768	14,766,768
2018	11,645,000	3,113,007	14,758,007
2019	12,245,000	2,479,309	14,724,309
2020	12,850,000	1,810,174	14,660,174
2021-2023	26,085,000	1,961,363	28,046,363
	86,634,492	17,403,877	104,038,369
Plus: Net unamortized Bond Premium	377,342		377,342
	\$ 87,011,834	\$ 17,403,877	\$ 104,415,711

For the fiscal year ended September 30, 2015, debt service on the tax increment bonds was \$8,414,103 and the tax increment revenues totaled \$38,094,108 and net customer revenues were \$24,496,917. Remaining outstanding principal and interest is \$67,402,917.

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

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

Parking Fund

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. A portion of the \$22,445,000, Gulf Breeze Series 1985C, one of three loans, is allocated to the Fund. The principal is to be repaid in 14 annual installments commencing December 1, 2002 with interest paid semiannually. A portion of the Gulf Breeze 1985C outstanding debt relates to the construction of a parking garage. The Fund includes an outstanding amount of \$765,500 related to this debt.

On November 16, 2010, the City issued \$17,155,000 in Parking Revenue Refunding Bonds, Series 2010A and \$27,405,000 in Parking Revenue Bonds, Series 2010B. The Series 2010A Bonds are being issued by the City for the purpose of providing funds, together with other available moneys, to (i) current refund the City's outstanding Parking Revenue Bonds, Series 1997, previously issued in the aggregate principal amount of \$21,000,000, (ii) fund a deposit to the Reserve Account and (iii) pay costs of issuance of the Series 2010A Bonds. The Series 2010A Bonds were issued with interest rates of 3.00% to 5.00% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2022.

The Series 2010B Bonds are being issued by the City for the purpose of providing funds, together with other available moneys, to (i) pay the costs of acquiring and constructing a new parking garage and other capital improvements to the Parking System, (ii) fund a deposit to the Reserve Account and (iii) pay costs of issuance of the Series 2010B Bonds. The Series 2010B Bonds were issued with interest rates of 4.00% to 5.15% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2040.

Parking Revenue Fund indebtedness at September 30, 2015, is comprised of the following issued indebtedness:

\$ 8,143,046	Series 2001 (1985C) Gulf Breeze Loan Pool due in annual installments through 2015: interest at 3.875% - 4.75% <u>\$ 765,500</u>
\$ 17,155,000	Series 2010A Parking Revenue Refunding Bonds due in annual installments through 2022: interest at 3.00% - 5.00% <u>\$ 10,395,000</u>
\$ 27,405,000	Series 2010B Parking Revenue Bonds due in annual installments through 2040: interest at 4.00% - 5.00% <u>\$ 27,405,000</u>

At September 30, 2015, the Fund did not have any defeased debt.

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**SEPTEMBER 30, 2015**  
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The aggregate maturities of Long-Term Debt at September 30, 2015, are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2016	\$ 2,230,500	\$ 1,796,643	\$ 4,027,143
2017	1,525,000	1,719,863	3,244,863
2018	1,590,000	1,649,112	3,239,112
2019	1,660,000	1,585,513	3,245,513
2020	1,725,000	1,519,112	3,244,112
2021-2025	6,605,000	6,465,813	13,070,813
2026-2030	5,995,000	5,165,300	11,160,300
2031-2035	7,570,000	3,588,500	11,158,500
2036-2040	9,665,000	1,496,750	11,161,750
	<u>38,565,500</u>	<u>24,986,606</u>	<u>63,552,106</u>
Less: Net Unamortized Bond Discount	<u>89,598</u>		<u>89,598</u>
	<u>\$ 38,475,902</u>	<u>\$ 24,986,606</u>	<u>\$ 63,462,508</u>

The Series 2010A and 2010B 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 all parking bonds is \$63,552,106. Principal and interest paid for the current year and total customer net revenues were \$4,022,571 and \$9,530,225 respectively.

Water and Sewer Fund

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. This bond was partially refunded by the issuance of the Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1A and Taxable Series 2009J-1B. The portion of the Series 2000 bonds refunded was \$23,480,000.

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.

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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

On February 17, 2010, the City obtained three loans from the City of Gulf Breeze, Florida Local Government Loan Pool Program. The City intends to use one of the loans from the City of Gulf Breeze, Florida, Series 1985J 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 \$13,590,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1A, \$10,000,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1B, and \$30,000,000 in Water and Sewer Revenue Bonds, Taxable Series 2009J-1C. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The two refunding bonds were issued to partially refund the Water and Sewer Revenue Bonds, Series 2000, and the other bond was issued to construct various improvements and extensions to the Water and Sewer utility.

Indebtedness of the Water and Sewer Fund at September 30, 2015 is as follows:

\$ 54,310,000	2000 Revenue Bonds due in annual installments through 2030: Interest at 5.00% - 5.75%	<u>\$ 30,830,000</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>\$ 1,285,000</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>
\$ 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>
\$ 13,590,000	2009J-1A Water & Sewer Revenue Refunding Bonds Gulf Breeze Loan Series 1985J due in annual installments through 2020: Interest at 4.10% - 4.50%	<u>\$ 13,590,000</u>
\$ 10,000,000	2009J-1B Water & Sewer Revenue Refunding Bonds Gulf Breeze Loan Series 1985J due in annual installments through 2023: Interest at 4.82% - 5.00%	<u>\$ 10,000,000</u>
\$ 30,000,000	2009J-1C Water & Sewer Revenue Bonds Gulf Breeze Loan Series 1985J due in annual installments through 2039: Interest at 5.00%	<u>\$ 30,000,000</u>

At September 30, 2015, none of the bonds outstanding are considered defeased.

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**SEPTEMBER 30, 2015**  
**(Continued)**

The aggregate maturities of Long-term debt as of September 30, 2015 are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2016	\$ 3,770,000	\$ 5,111,733	\$ 8,881,733
2017	6,415,000	4,889,445	11,304,445
2018	6,700,000	4,603,255	11,303,255
2019	6,995,000	4,300,719	11,295,719
2020	7,335,000	3,977,500	11,312,500
2021-2025	25,320,000	16,826,612	42,146,612
2026-2030	23,170,000	11,158,275	34,328,275
2031-2035	11,725,000	6,363,375	18,088,375
2036-2040	18,275,000	2,373,625	20,648,625
	<u>109,705,000</u>	<u>59,604,539</u>	<u>169,309,539</u>
Less:			
Unamortized Discount	<u>136,322</u>	<u></u>	<u>136,322</u>
	<u>\$ 109,568,678</u>	<u>\$ 59,604,539</u>	<u>\$ 169,173,217</u>

The Series 2000, 2006 and 2009 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 \$169,309,539. Principal and interest paid for the current year and total customer net revenues were \$10,234,541 and \$18,751,960 respectively.

Storm Water

On February 17, 2010, the City obtained a loan from the City of Gulf Breeze, Florida Local Government Loan Pool Program. The City intends to use this loan from the City of Gulf Breeze, Florida, Series 1985J proceeds to partially refund the Series 2000 bonds. As evidence of such loan, the City's Storm Water Fund issued \$16,185,000 in Storm Water Revenue Refunding Bonds, Taxable Series 2009J-2. The bonds will be repaid solely from pledged revenues of the Storm Water system. They are registered transcripts and insured.

On December 7, 2011, the City issued \$52,130,000 in Storm Water Revenue Bonds, Series 2011A and \$26,575,000 in Storm Water Revenue Refunding Bonds, Series 2011B. The Series 2011A Bonds are being issued by the City for the purpose of providing funds to (i) pay the costs of certain capital improvements to its Storm Water Utility, (ii) fund a deposit to the Reserve Account, and (iii) pay the costs of issuing the Series 2011A Bonds. The Series 2011A Bonds were issued with interest rates of 4.00% to 5.25% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2041. The Series 2011B Bonds are being issued by the City for the purpose of providing funds, together with other available moneys of the City, to (i) refund, defease and redeem the outstanding Series 2000 Bonds, including interest to accrue to their redemption date, and (ii) paying the costs of such issuance, refunding, defeasance and redemption. The Series 2011B Bonds were issued with interest rates of 2.00% to 5.25% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2030. Both Series 2011A and 2011B Bonds will be repaid solely from pledged revenues of the Storm Water System.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

On August 5, 2015, the City issued \$99,590,000 in Stormwater Revenue Bonds, Series 2015. The Series 2015 Bonds are being issued by the City for the purpose of providing funds to (i) finance a portion of the costs of certain capital improvements currently contemplated as part of the City's five year program to improve and enhance the effectiveness and reliability of the Stormwater Utility, and (ii) pay the costs of issuing the Series 2015 Bonds. The Series 2015 Bonds were issued with interest rates of 2.00% to 5.00% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2045. The Series 2015 Bonds will be repaid solely from pledged revenues of the Stormwater System.

Indebtedness of the Storm Water Fund at September 30, 2015 is as follows:

\$16,185,000	2009J-2 Storm Water Revenue Refunding Bonds Due in annual installments through 2020: Interest at 2.00% - 4.50%	<u>\$10,375,000</u>
\$52,130,000	2011A Storm Water Revenue Bonds Due in annual installments through 2041: Interest at 4.00% - 4.25%	<u>\$51,145,000</u>
\$26,575,000	2011B Storm Water Revenue Refunding Bonds Due in annual installments through 2030: Interest at 2.00% - 5.25%	<u>\$26,115,000</u>
\$99,590,000	2015 Storm Water Revenue Bonds Due in annual installments Through 2045: Interest at 2.00% - 5.00%	<u>\$99,590,000</u>

The aggregate maturities of Long-term debt at September 30, 2015 are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2016	\$ 2,720,000	\$ 8,516,865	\$ 11,236,865
2017	3,250,000	8,111,226	11,361,226
2018	3,380,000	7,986,131	11,366,131
2019	3,525,000	7,836,505	11,361,505
2020	3,685,000	7,680,427	11,365,427
2021-2025	20,975,000	35,838,127	56,813,127
2026-2030	26,420,000	30,398,358	56,818,358
2031-2035	32,540,000	24,281,585	56,821,585
2036-2040	40,225,000	16,593,626	56,818,626
2041-2045	50,505,000	6,310,750	56,815,750
	187,225,000	153,553,600	340,778,600
Plus Unamortized Premium	3,320,308		3,320,308
	\$ 190,545,308	\$ 153,553,600	\$ 344,098,908

Series 2009J-2, the Series 2011A and the Series 2011B, and the Series 2015 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 \$340,778,600. Principal and interest paid for the current year and total customer net revenues were \$6,828,298 and \$15,786,095 respectively.

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**SEPTEMBER 30, 2015**  
**(Continued)**

**D. Loans**

On February 20, 2008, the City entered into a new loan agreement which 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 loan agreement range from 1.9% to 4.5%. At September 30, 2015, the City was indebted for \$12,922,099.

The aggregate maturities of loans at September 30, 2015 are as follows:

Fiscal Year Ending September 30	Loans		
	Principal	Interest	Total
2016	\$ 3,868,619	\$ 263,069	\$ 4,131,688
2017	3,180,148	178,339	3,358,487
2018	2,490,486	112,349	2,602,835
2019	1,862,716	60,620	1,923,336
2020	802,569	26,914	829,483
2021-2025	717,561	20,515	738,075
	<u>\$ 12,922,099</u>	<u>\$ 661,806</u>	<u>\$ 13,583,904</u>

The above debt has been recorded in the following funds:

Internal Service	\$ 11,778,922
Stormwater	113,432
Water & Sewer	230,057
Parking	192,975
Other Enterprise	293,713
General Fund	313,000
	<u>\$ 12,922,099</u>

**E. Energy Savings Obligation**

On May 25, 2010, the City entered into an equipment lease purchase financing agreement with a financial institution for the construction/purchase of energy saving equipment. At September 30, 2015, the outstanding balance on this loan was \$11,801,348. The interest rate on this loan is a fixed 4.18%. Principal and interest payment are made monthly. The first payment was made on May 25, 2012 and the last payment will be made on April 25, 2025.

**CITY OF MIAMI BEACH, FLORIDA**  
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**SEPTEMBER 30, 2015**  
**(Continued)**

The aggregate maturities of other long-term obligations at September 30, 2015 are as follows:

Fiscal Year Ending September 30	Long-term Obligation	Interest	Total
2016	\$ 798,998	\$ 478,341	\$ 1,277,339
2017	881,348	443,385	1,324,733
2018	968,999	404,888	1,373,887
2019	1,062,244	362,620	1,424,864
2020	1,173,139	316,261	1,489,400
2021-2025	6,916,620	715,300	7,631,920
	<u>\$ 11,801,348</u>	<u>\$ 2,720,795</u>	<u>\$ 14,522,143</u>

On May 21, 2014, the City of Miami Beach issued Resolution No. 2014-28599 which authorized the issuance of a line of credit not to exceed an aggregate principal amount of \$60 million to pay the costs of capital projects. The line of credit was obtained from one financial institution. Tax-exempt draws against the line of credit will have a variable interest rate of 70% of Libor rate plus 0.50%, and the taxable draws will have a variable rate equal to Libor rate plus 0.75%. There will be an annual fee of 0.20% on the unused portion of the line of credit payable on a quarterly basis. The City shall pay the financial institution the entire unpaid principal balance together with all accrued and unpaid interest on May 30, 2016 (the "Maturity Date"). As of September 30, 2015, no amounts have been drawn down from this line of credit.

On November 12, 2014, the City of Miami Beach entered into the Clean Water State Revolving Fund Loan Agreement with the State of Florida Department of Environment Protection. The amount of the loan is \$7,500,000 plus \$147,500 of capitalized interest and \$150,000 in loan service fees which amounts to \$7,797,500 to be repaid back to the State. Loan payments will commence on February 15, 2018 and semiannually thereafter on August 15 and February 15 of each year until all amounts due have been fully paid. The interest rate on this loan is 1.62% per annum. The loan shall be repaid in 40 semiannual loan payments of \$229,001. Loan disbursement from the State to the City will be made for reimbursements of allowable invoiced costs. As of September 30, 2015, no loan disbursements have been received by the City.

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**(Continued)**

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

Long-term liability activity for the year ended September 30, 2015 is as follows:

**Governmental activities:**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Bonds payable:</b>					
General obligation	\$ 57,280,000	\$	\$ 3,525,000	\$ 53,755,000	\$ 3,635,000
Special obligation	98,810,264		12,175,772	86,634,492	12,754,492
Plus: Net unamortized bond Premium	2,532,552		487,280	2,045,272	739,983
Less: Net unamortized bond Discount	(5,255)		1,296	(3,959)	(3,959)
Total bonds payable	<u>158,617,561</u>		<u>16,189,348</u>	<u>142,430,805</u>	<u>17,125,516</u>
Claims and judgments	30,816,902	27,261,561	23,639,045	34,439,418	7,510,418
Compensated absences	17,588,087	11,027,523	9,947,399	18,668,211	8,208,817
Energy savings obligation	12,881,589		1,080,241	11,801,348	798,998
OPEB Liability	47,201,973	5,861,959		53,063,932	
Loans payable	13,558,363	2,463,173	3,929,614	12,091,922	3,540,725
Net pension liability - MBERP	125,168,261	4,927,405		130,095,666	
Net pension liability - MBF&P	207,161,239	15,046,208		222,207,447	
Governmental activity					
Long-term liabilities	<u>\$ 612,993,975</u>	<u>\$ 66,587,829</u>	<u>\$ 54,785,647</u>	<u>\$ 624,798,749</u>	<u>\$ 37,184,474</u>
<b>Business-type activities:</b>					
Revenue bonds payable	\$ 245,594,728	\$ 99,590,000	\$ 9,689,228	\$ 335,495,500	\$ 8,720,500
Plus: Unamortized bond Premium	2,688,096	1,240,327	253,818	3,674,605	296,361
Less: Unamortized bond Discount	(616,733)		36,517	(580,216)	(36,517)
Total bonds payable	<u>247,666,091</u>	<u>100,830,327</u>	<u>9,979,563</u>	<u>338,589,889</u>	<u>8,980,344</u>
Loans payable	1,270,112		439,935	830,177	327,893
Environmental remediation liability	200,000	150,000		350,000	
Compensated absences	2,118,951	1,683,034	1,676,064	2,125,921	1,468,542
Deposits	8,739,437	5,322,575	5,691,543	8,370,469	5,671,263
Net pension liability - MBERP	34,891,839	2,144,069		37,035,908	
Business-type activity					
Long-term liabilities	<u>\$ 294,886,430</u>	<u>\$ 110,130,005</u>	<u>\$ 17,787,105</u>	<u>\$ 387,302,364</u>	<u>\$ 16,448,042</u>

The City's internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities. At September 30, 2015, \$1,267,515 in compensated absences and \$11,778,922 in loans payable are included in the above amounts for the internal service funds. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the internal service.

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**NOTE 11 - Governmental Fund – Fund balance**

Below is a table of fund balance categories and classifications at September 30, 2015 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:					
<b>Non-spendable:</b>					
Prepays	\$ 19,765	\$	\$	\$	\$
<b>Restricted:</b>					
General government				28,110,009	804,351
Building operations reserves	8,328,543				
Public safety				647,497	3,012,130
Human services					231,423
Physical environment					19,145
Economic environment			28,207,142	2,782,130	1,141,294
Quality of life improvement					20,689,857
Transportation				1,016,756	56,174,583
Culture and recreation		23,819,945		7,406,876	870,985
Sewer improvement				81,683	
Street improvement				18,846,722	
Infrastructure				20,939	
Communications				78,488	
Other capital projects				16,784,991	
Neighborhood improvement				15,263,089	
South Pointe improvement				42,897,423	
Debt service					9,851,228
<b>Committed:</b>					
General government				4,789,698	
Public safety				48,297	
Culture and recreation				511,498	6,183,471
Transportation				488,726	
Physical environment				28,358	
Emergencies	47,471,901				
Encumbrances	680,000				
Reserved for pay as you go projects				6,565,191	
Capital Reserve				10,569,961	
Other capital projects				617,639	
Capital renewal and replacement					8,647,726
<b>Assigned:</b>					
Reserve set aside for future budgets	1,798,000				
Contingencies	993,000				
Public safety					
<b>Unassigned:</b>					
Reimbursable grants funds				(892,603)	(326,499)
Reimbursable boardup/ Relocation charges					74,008
Non-reimbursable grant funds				(88,354)	(577,404)
 Total Fund Balance	 \$ 59,291,209	 \$ 23,819,945	 \$ 28,207,142	 \$ 156,575,014	 \$ 106,796,298

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The City is pending reimbursement from various grantors for the reimbursable grant funds balance of \$2,379,854. The non-reimbursable grant fund consists of \$665,758 from the State of Florida HRS grant, capital and other grants. Expenditures incurred against these grants were not reimbursed by the grantor and as such, will be funded by the City's other funding sources over time based on available resources.

**NOTE 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 Self-Insurance Fund (the "Fund") to account for its risk financing activities. The Fund pays for all claims and judgments for which the City is liable, for self-insured programs, and the premium costs for insurance policies that protect the City's property.

A third party insurer 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 2015 the City paid \$2.5 million in property insurance premium (including flood insurance).

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 years 2014 and 2015 respectively:

	<u>2014</u>	<u>2015</u>
Unpaid claims, beginning of year	\$ 25,221,791	\$ 29,681,242
Incurred claims (includes incurred but not yet reported)	11,070,369	10,134,316
Less: claim payments	<u>6,610,918</u>	<u>6,386,558</u>
Unpaid claims, end of year	<u>\$ 29,681,242</u>	<u>\$ 33,429,000</u>

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.

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The following are the changes in the funds' claims liability amount during fiscal years 2014 and 2015 respectively:

	2014	2015
Unpaid claims, beginning of year	\$ 1,260,081	\$ 1,135,660
Inurred claims (includes incurred but not yet reported)	16,839,981	17,127,245
Less: claim payments	16,964,402	17,252,487
Unpaid claims, end of year	\$ 1,135,660	\$ 1,010,418

**NOTE 13 - Pollution Remediation**

GASB Statement 49, Accounting and Financial Reporting for Pollution Remediation Obligations establish accounting and financial reporting standards for pollution remediation obligations. The City has identified six (6) sites that are undergoing pollution remediation activities. These sites and activities are as follows:

1. Miami Beach Golf Course Material Recovery Facility(MRF) - ammonia contamination
2. Miami Beach Golf and Normandy Shores Course - arsenic investigation
3. Former Par 3 Golf Course - arsenic investigation
4. Maurice Gibb Park - hydrocarbon contamination
5. Fleet Management Mechanical Maintenance Facility - synthetic oil investigation
6. Miami Beach Convention Center- arsenic investigation

As of September 30, 2015, the City has recorded pollution remediation liabilities of \$200,000 in the Sanitation fund, and \$150,000 in the Convention Center fund for a total of \$350,000 in the business-type activities for the Miami Beach Golf Course and Miami Beach Convention Center respectively; and \$1,000,000 in the capital project fund and governmental-type activities for the Maurice Gibb Park and Miami Beach Convention Center. Other remediation or monitoring costs were deemed immaterial and will be paid from annual operating expenses. These obligations are estimates and are subject to change depending on price increases or reductions, technology, and changes in laws and regulations.

**NOTE 14 - Significant Commitments and Contingencies**

1. 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. Probable losses are accrued in the City's Risk Self-Insurance fund.
2. 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.

**NOTE 15 - Current and Advance Refunding**

There is no debt refunding to report for the fiscal year ended September 30, 2015.

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**(Continued)**

**NOTE 16 - Pension Plan**

**A. Miami Beach Employees' Retirement System (MBERP)**

Summary of Significant Accounting Principles

The Plan financial statements are prepared using the accrual basis of accounting. Member contributions are recognized as revenues in the period in which the contributions are due. City contributions are recognized as revenues when due pursuant to actuarial valuations. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest income is recorded as earned and dividend income is recorded as of the ex-dividend date.

Investments are recorded at fair value in the Statement of Plan Net Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the Trust has entered into requires a range of techniques to determine fair value.

Unrealized gains and losses are presented as net appreciation in fair value of investments on the Statement of Changes in Fiduciary Net Position along with gains and losses realized on sales of investments. Purchases and sales of investments are recorded on a trade-date basis.

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Plan Description

Pursuant to Modification 29 of the Florida State Social Security Agreement effective January 1, 1955 The City of Miami Beach does not participate in the Federal Old-Age and Survivors Insurance System (OASI) embodied in the Social Security Act. The Miami Beach Employees' Retirement Plan (the Plan) is a single employer defined benefit pension plan for general employees established by the City of Miami Beach, Florida (the City) effective March 18, 2006. The Miami Beach Employees' Retirement System was created under and by the authority of Chapter 18691, Laws of Florida, Act 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.

Members are full-time employees, classified and unclassified positions, who work more than 30 hours per week except for policemen and firemen and persons who elect to join the defined contribution retirement Plan sponsored by the City. Membership consisted of the following as of October 1, 2014, the date of the latest accrual valuation:

Inactive plan members and beneficiaries currently receiving benefits	1,159
Inactive plan members entitled but not yet receiving benefits	88
Active plan members	<u>1,011</u>
Total members	<u><u>2,258</u></u>

The plan provides for retirement benefits as well as death and disability benefits at three different tiers depending on when the members entered the Plan:

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The First Tier is for members that entered the Plan prior to the Second Tier Dates. The Second Tier is for members that entered the Plan on or after the Second Tier Dates, but before the Third Tier Dates. The Third Tier is for members that entered the Plan on or after the Third Tier Dates. Both the Second Tier and Third 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 Third Tier Dates are September 30, 2010 for members of AFSCME, GSAF and for those classified as other, and October 27, 2010 for members of CWA.

Classified members administered under the First Tier are eligible for normal retirement at age 50 and 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 years, with the total not to exceed 90% of FAME. 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 five years of creditable service and are entitled to benefits of 3% of FAME multiplied by creditable service, subject to a maximum of 80% of FAME. Classified and unclassified members administered under the Third Tier are eligible for Normal Retirement at age 55 with at least 30 years of creditable service, or age 62 with at least five years of creditable service and are entitled to benefits of 2.5% of FAME multiplied by creditable service, subject to a maximum of 80% of FAME. For elected officials, City Manager or City Attorney, the benefit is 4% of FAME for each year of creditable service as an elected official, city manager or city attorney plus the retirement benefit as defined above for any other period of city employment, subject to a maximum of 80% of FAME.

Final average monthly earnings (FAME) means one-twelfth of the average annual earnings during the highest two paid years of credible service. For Unclassified First Tier members who became a member prior to October 18, 1992 and was continuously a member from that date until March 18, 2006, FAME is defined as the larger of one-twelfth average covered salary during the two highest paid years of creditable service or one-twelfth of the pay of the year immediately preceding March 18, 2006. Effective as of September 30, 2010, FAME for members who have obtained normal retirement age or are within 24 months from normal retirement age is defined as average covered salary during the two highest paid years of creditable service. FAME for those members who as of September 30, 2010 are between 24 and 36 months from normal retirement age is defined as average covered salary during the three highest paid years of creditable service. FAME for those members who as of September 30, 2010 are between 36 and 48 months from normal retirement age is defined as average covered salary during the four highest paid years of creditable service. FAME for those members who as of September 30, 2010 are more than 48 months from normal retirement age is defined as average covered salary during the five highest paid years of creditable service. A Member with five or more years of creditable service may, at any time prior to retirement, elect to purchase a maximum of two years additional creditable service. Effective September 30, 2013, Members whose classification is included in the CWA and GSAF bargaining unit and Members who are not included in any collective bargaining unit shall not be eligible to purchase additional creditable service. Effective April 23, 2015, members whose classifications are included in the AFSCME bargaining unit are not eligible to purchase additional creditable service.

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Any First Tier member who terminates employment may either request a refund of their own contributions plus interest, or receive their 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 their own contributions plus interest or receive their accrued benefit beginning at age 55. Any Third Tier member who entered on or after the Third Tier Date and who terminates employment after five years of creditable service but prior to the normal or early retirement date shall be eligible to receive a normal retirement benefit at age 62.

Deferred retirement option plan (DROP)

A DROP was enacted on January 28, 2009 by Ordinance 2009-3626. Under this Plan, First and Second Tier members 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. Third Tier members may participate in a DROP account for up to five years. Effective July 17, 2013, Members within classifications in the CWA bargaining unit who were hired prior to October 27, 2010, and Members not included in any bargaining unit who were hired prior to September 10, 2010, may elect to retire for the purposes of the Plan but continue employment with the City for up to sixty months, and have their monthly retirement benefit paid into a DROP account during the DROP period. Effective October 1, 2013, any member within classifications in the GSAF bargaining may elect to retire for the purposes of the Program but continue employment with the City for up to sixty months, and have their monthly retirement paid into a DROP account during the DROP period. Effective April 23, 2014, members within classifications in the AFSCME bargaining unit who were hired prior to September 30, 2010, may elect to retire for the purposes of the Plan but continue employment with the City for up to sixty months, and have their monthly retirement benefits paid into a DROP account during the DROP period. The amount of the benefit is calculated as if the participant had retired on the date of 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.

A series of investment vehicles which are established by the board of trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City or the Trust, but shall be borne by the participant. Upon termination of employment, a member may receive distributions in accordance with the Plan.

A DROP participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. First and Second Tier members receive an annual cost-of-living adjustment (COLA) of 2.5%. The COLA is not payable while members are in the DROP. For Third Tier members the COLA is 1.5%. As of September 30, 2015, there were 109 members in the DROP and the value of DROP investment was \$10,617,672 which is included in the Plan's net position. The DROP also allows for member loans. Approximately \$248,000 in loans were outstanding as of September 30, 2015.

Funding Policy, Contributions Required and Contributions Made

The City is to contribute such amounts as are necessary to maintain the actuarial soundness of the Plan and to provide the Plan with assets sufficient to meet the benefits to be paid to the members. All First Tier members who participate are required to contribute 12% of their covered salary to the Plan. All Second and Third Tier members are required to contribute 10% of their covered salary. The City Commission has the authority to increase or decrease contributions.

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For the fiscal year ended September 30, 2015, the City was required to make contributions of \$26,456,580 or 32.12% of covered payroll to the Plan in accordance with actuarially determined requirements computed through an actuarial valuation performed as of October 1, 2014. For the year ended September 30, 2015, the employees contributed \$7,310,183 and buybacks were \$941,310.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.

For the year ended September 30, 2015, the City recognized pension expense of \$17,444,052. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,712,241	\$
City contributions subsequent to measurement date	26,456,580	
Net difference between projected and actual earnings on pension plan investments		11,480,774
Total	\$ 30,168,821	\$ 11,480,774

City contributions of \$26,456,580 subsequent to the measurement date are reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year ended September 30:		
2016	\$	(1,672,697)
2017		(1,672,697)
2018		(1,672,697)
2019		(2,750,442)
Total	\$	(7,768,533)

The Plan uses the following actuarial valuations at the measurement date of September 30, 2014:

Valuation date	September 30, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	5-year smoothed market
Inflation	3%
Salary Increases	4.5% to 7% depending on service, including inflation
Investment Rate of Return	8%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvements projected after year 2000 to the year 2010 using Scale AA.

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Net Pension Liability of the City

The components of the net pension liability of the City at September 30, 2015 were as follows:

Total pension liability	\$ 683,519,359
Plan's fiduciary net position	<u>(516,387,785)</u>
City net pension liability	<u><u>\$ 167,131,574</u></u>

The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an actuarial experience study for the period of October 1, 2003 through September 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Target Asset Class</u>	<u>Long-Term Nominal Allocation</u>	<u>Rate of Return</u>
Domestic equities	51%	8.50%
Fixed income	31	2.95
International equities	18	9.00
Cash and equivalents	<u>0</u>	3.0
Total	<u><u>100%</u></u>	

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Discount

A single discount rate of 8 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on Pension Plan investment of 8 percent. The long-term municipal bond rate was 4.11 percent. The projection of cash flows used to determine this single discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Pension Plan investments (8 percent) was applied to all periods of projected benefit payments to determine the total pension liability. The long-term municipal bond rate utilized in determining the single discount rate is 4.11 percent taken from the Federal Reserve statistical release as of September 25, 2014. The discount rate and the long-term expected rate of return have decreased to 7.85 percent subsequent to the measurement date.

Changes in the Net Pension Liability

The following table shows the components of the City's annual pension liability and related plan fiduciary net position measured as of September 30, 2014:

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
<b>Balances at September 30, 2013</b>	\$ 654,010,904	\$ 470,952,819	\$ 183,058,085
<b>Changes for the year:</b>			
Service cost	12,306,795		12,306,795
Interest	51,809,378		51,809,378
Changes of benefit terms	(1,183,267)		(1,183,267)
Differences between expected and actual experience	4,909,738		4,909,738
Changes of assumptions			
Contributions—employer		25,602,030	(25,602,030)
Contributions—employee		7,373,407	(7,373,407)
Net investment income		51,773,646	(51,773,646)
Benefit payments, including refunds of employee	(37,501,400)	(37,501,400)	
Refunds	(1,143,866)	(1,143,866)	
Administrative expense		(668,851)	668,851
Other (Change in Receivable from Excess Benefit Plan)	311,077		311,077
<b>Net changes</b>	<b>29,508,455</b>	<b>45,434,966</b>	<b>(15,926,511)</b>
<b>Balances at September 30, 2014</b>	<b>\$ 683,519,359</b>	<b>\$ 516,387,785</b>	<b>\$ 167,131,574</b>

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Sensitivity of the net pension liability to changes in the discount rate

The following present the Plan's net pension liability, calculated using a single discount rate of 8 percent, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

1% Decrease (7.00%)	Current Single Discount Rate Assumption (8.00%)	1% Increase (9.00%)
\$244,767,159	\$167,131,574	\$101,981,403

Historical trend information is presented in the required supplementary information schedules following the notes to the financial statements to show the changes in the net pension liability and the contributions to the plan.

**B. Retirement System for Firefighters and Police Officers (MBF&P)**

Summary of Significant Accounting Principles

The Plan financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which the contributions are due. City contributions are recognized as revenues when due pursuant to actuarial valuations. Share plan contributions are recognized as revenues in the period in which they are approved by the State. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Interest income is recorded as earned and dividend income is recorded as of the ex-dividend rate.

Investments are recorded at fair value in the Statement of Fiduciary Net Position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The diversity of the investment types in which the Trust has entered into requires a range of techniques to determine fair value.

Unrealized gains and losses are presented as net appreciation in fair value of investments on the Statement of Changes in Fiduciary Net Position along with gains and losses realized on sales of investments. Purchases and sales of investments are recorded on a trade-date basis.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates.

Plan Description

Pursuant to Modification 29 of the Florida State Social Security Agreement effective January 1, 1955 The City of Miami Beach does not participate in the Federal Old-Age and Survivors Insurance System (OASI) embodied in the Social Security Act. The plan is a single employer defined benefit plan established by the City of Miami Beach, Florida (The "City") and was created under Chapter 23414, Laws of Florida, Special Acts of 1945, as amended through October 14, 2015. The Plan's governing board is the Board of Trustees, which comprises nine members: three of which are elected by the fire department, three of which are elected by the police department, and three of which are appointed by the mayor. Members are substantially all police

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officers and firefighters employed by the City of Miami Beach, Florida. Members are further divided in the following three tiers:

Tier One members are those hired prior to July 14, 2010

Tier Two members are those hired on or after July 14, 2010, but prior to September 30, 2013.

Tier Three members are those hired on or after September 30, 2013.

*Tier One members*

Members who met eligibility to retire prior to September 30, 2013 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 years. Members eligible to retire on or after September 30, 2013 may retire on a service retirement pension upon the attainment of age 50 or, if earlier, the date when the member attains age 47 and length of creditable service equals to at least 70 years.

Upon retirement, a member who met eligibility to retire prior to September 30, 2013 will receive a monthly pension, payable for life, equal to 3% of the average monthly salary, as defined in the Plan ordinance, 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. Members who met eligibility to retire on or after to September 30, 2013 will receive a monthly pension, payable for life, equal to 3% of the average monthly salary, as defined in the Plan ordinance, for each of the first 20 years of creditable service and 4% of the average monthly salary for each year of creditable service in excess of 20 years, provided that the pension does not exceed 85% of the average monthly salary. All retirees and beneficiaries receiving a monthly pension as of September 30, 2010 will receive a 2.5% increase in benefits on October 1<sup>st</sup> of each year. Members that retire on or after September 30, 2010 will receive a 2.5% increase in benefits annually on the anniversary date of the member's retirement.

*Tier Two members*

Any member may retire on a service retirement pension upon the attainment of age 50 or, if earlier, the date when the member attains age 48 and length of creditable service equals to at least 70 years.

Upon retirement, a member will receive a monthly pension, payable for life, equal to 3% of the average monthly salary, as defined in the Plan ordinance, for each of the first 20 years of creditable service and 4% of the average monthly salary for each year of creditable service in excess of 20 years, provided that the pension does not exceed 85% of the average monthly salary. The average monthly salary of the employee is computed based on the salary for the three highest paid years prior to the date of retirement or the average of the last three paid years to the employee prior to the date of retirement, whichever produces the greater benefit after consideration of the overtime limitations. For limitation and detailed information, please see the pension plan statement. All retirees and beneficiaries will receive a 1.5% increase in benefits annually on the anniversary date of the member's retirement.

*Tier Three members*

Any member may retire on a service retirement pension upon the attainment of age 50 or, if earlier, the date when the member attains age 48 and length of creditable service equals to at least 70 years.

Upon retirement, a member will receive a monthly pension, payable for life, equal to 3% of the average monthly salary, as defined in the Plan ordinance, for each of the first 20 years of creditable service and 4% of the average monthly salary for each year of creditable service in excess of 20 years, provided that the pension does not exceed 85% of the average monthly salary. The average monthly salary of the employee is computed based on the salary for the five

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highest paid years prior to the date of retirement or the average of the last three paid years to the employee prior to the date of retirement, whichever produces the greater benefit after consideration of the overtime limitations. For limitation and detailed information, please see the pension plan statement. All retirees and beneficiaries will receive a 1.5% increase in benefits annually on the anniversary date of the member's retirement.

Any member of the plan who becomes totally and permanently disabled at any time as a result of illness or injury suffered in the line of duty may be retired on an accidental disability pension. For a service connected disability, the minimum pension payable is 85% of monthly salary of the employee at the time of disability retirement, less any offset for worker's compensation. Any member who becomes totally or permanently disabled after 5 years of creditable service as a result of illness or injury not suffered in the line of duty may be retired on an ordinary disability retirement pension. Upon disability retirement, a member received a monthly pension equal to their service retirement benefits. For a non-service connected disability, the pension is the accrued benefit after 5 years of creditable service. The plan also provides death benefits for beneficiaries or members for service connected and non-service connected death.

If a member resigns or is lawfully discharged before retirement, their contributions with 3% interest per annum are returned to them. The Plan also provides a special provision for vested benefits for members who terminate after 5 years of service.

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 payments shall be continued for the member's remaining lifetime. In case of termination of the Plan, benefits accrued to members to the extent funded will be non-forfeitable.

At October 1, 2013 the plan membership consisted of the following:

	As of October 1, 2014
Active Members	
Deferred Vested Members	487
Retired Members:	16
a. Service	*543
b. Disabled	57
c. Beneficiaries	107
Subtotal of retired members	707
Total	1,210

\* Including members in the drop

Deferred retirement option plan

An active member of Tier One may enter into a DROP on the first day of any month after meeting eligibility to retire. Upon becoming eligible to participate in the DROP, a member may elect to enter that program for a period not to exceed 36 months. Members who enter the DROP on or after September 1, 2012 shall be eligible to participate for a period not to exceed 60 months. All members shall receive a 2.5% COLA increase in benefits annually on the anniversary date of the member's retirement. The exception is members who entered the DROP on or after September 1, 2012 and before September 30, 2013 shall receive a 0% COLA adjustment for the 3<sup>rd</sup> and 4<sup>th</sup> annual adjustment dates, regardless of whether the member remains in the DROP for the maximum 60 month period. Further, any member who exits the DROP within 6 months following

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the date of DROP entry shall be eligible to the 2.5% COLA adjustment.

An active member of Tier Two or Three may enter into the DROP on the first day of any month after attainment of age 50 or, if earlier, the date when the member attains age 48 and age and length of creditable service equals to at least 70 years. Upon becoming eligible to participate in the DROP, a member may elect to enter that program for a period not to exceed 60 months. All members shall receive a 1.5% COLA increase in benefits annually on the anniversary date of the member's retirement.

At September 30, 2015, \$11,437,162 the total amount of the Deferred Retirement Option Plan represents the balance of the self-directed participants as all of the participants are now in the self-directed DROP.

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. All Tier One and Tier Two members are required to contribute 10% of their salary to the Plan, while all Tier Three members are required to contribute 10.5% of their salary to the Plan. The City Commission has the authority to increase or decrease contributions.

The actual contribution from the City of Miami Beach, and the State of Florida for active employees for the fiscal year ended September 30, 2015, was \$33,028,839 and covered payroll excluding DROP members was approximately \$50,750,000. The contribution required from the City and the State of Florida for the fiscal year ended September 30, 2014, was actuarially determined by the October 1, 2013 valuation to be \$35,960,326. The actuarially computed annual covered payroll used in the October 1, 2012 valuation was \$46,313,650. The annual pension cost was \$35,960,326 for the fiscal year ended September 30, 2014.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.

For the year ended September 30, 2015, the City recognized pension expense of \$26,667,418. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,897,824	\$
City contributions subsequent to measurement date	33,028,839	
Net difference between projected and actual earnings on pension plan investments		11,621,210
Total	\$ 38,926,663	\$ 11,621,210

City contributions of \$33,028,839 subsequent to the measurement date reported as deferred outflows of resources related to pensions will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

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Year ended September 30:

2016	\$	(1,118,083)
2017		(1,118,083)
2018		(1,118,083)
2019		(2,369,137)
Total	\$	<u>(5,723,386)</u>

The Plan uses the following actuarial valuations at October 1, 2014:

Valuation Date	September 30, 2014
Actuarial cost method	Entry age Normal
Amortization method	Level percentage, closed
Amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial Assumptions:	
Investment rate of return	8%
Projected salary increases	2.87% - 9.87%
Inflation	3%
Payroll growth	3.5%
COLA	1.5%, 2%, or 2.5%
Retirement age	Experience-based table of rates that is specific to the type of eligibility
Mortality	For healthy participants, RP-2000 Combined Healthy Participant Mortality Tables, separate rates for males and females, with Blue Collar Adjustment and projected 15 years from valuation date for pre-retirement mortality and 7 years from valuation date for post-retirement mortality with Scale AA. For disable participants, RP-2000 Disabled Mortality Tables, separate rates for males and females, without projection for future mortality improvement

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of an actuarial experience study for the period of October 1, 2003 through September 30, 2009.

Discount

A discount rate of 8.00% was used to measure the September 30, 2014 total pension liability. This discount rate was based on the expected rate of return on Fund investments of 8.00%. The projection of cash flows used to determine this discount rate assumed member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension Fund's fiduciary net position was projected to be available to make all projected future expected benefit payments of current Fund members. Therefore, the long-term expected rate of return on Pension Plan investments (8 percent) was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate and the long-term expected rate of return have decreased to 7.85 percent subsequent to the measurement date.

**CITY OF MIAMI BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015  
(Continued)**

Net Pension Liability of the City

The components of the net pension liability measured at September 30, 2014 were as follows:

Total pension liability	\$ 991,506,019
Plan's fiduciary net position	<u>(769,298,572)</u>
City net pension liability	<u>\$ 222,207,447</u>

The target and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Target Asset Class</u>	<u>Long-Term Nominal Allocation</u>	<u>Rate of Return</u>
Domestic equity	50%	7.86%
Fixed income	35	2.59
International equity	5	7.10
Real estate equity	5	6.00
Cash/short-term investments	<u>5</u>	0.00
Total	<u>100%</u>	

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

Changes in the Net Pension Liability

The following table shows the components of the City's annual pension liability and related plan fiduciary net position measured as of September 30, 2014:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
<b>Balances at September 30, 2013</b>	\$ 947,553,563	\$ 710,329,822	\$ 237,223,741
<b>Changes for the year:</b>			
Service cost	14,763,595		14,763,595
Interest	75,108,912		75,108,912
Changes of benefit terms			-
Differences between expected and actual experience	7,685,043		7,685,043
Changes of assumptions			-
Contributions—employer and state		35,960,326	(35,960,326)
Contributions—employee		5,258,974	(5,258,974)
Net investment income		72,259,674	(72,259,674)
Benefit payments, including refunds of employee	(53,605,094)	(53,605,094)	-
Administrative expense		(905,130)	905,130
<b>Net changes</b>	43,952,456	58,968,750	(15,016,294)
<b>Balances at September 30, 2014</b>	\$ 991,506,019	\$ 769,298,572	\$ 222,207,447

The following present the Plan's net pension liability, calculated using a single discount rate of 8 percent, as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

1% Decrease (7.00%)	Current Single Discount Rate Assumption (8.00%)	1% Increase (9.00%)
\$345,519,095	\$222,207,447	\$120,722,501

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

Trend Information

Historical trend information is presented in the required supplementary information schedules following the notes to the financial statements to show the changes in the net pension liability and the contributions to the plan.

**C. Florida's Federal-State Social Security Agreement**

Pursuant to Modification 29 of the Florida State Social Security Agreement effective January 1, 1955 The City of Miami Beach does not participate in the Federal Old-Age and Survivors Insurance System (OASI) embodied in the Social Security Act. Instead, it provides eligible employees a comprehensive defined benefit pension plan, as discussed in note IV(a) and IV(b). Contributions to Social Security for fiscal year 2014 and 2013 would have been \$8,279,495 and \$7,976,924, respectively. The City of Miami Beach does participate in the hospital insurance tax, also known as Medicare and withholds taxes accordingly.

**D. 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, 2015 was \$1,539,056 for firefighters and \$759,728 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.

**E. 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.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

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 the employee's contribution 100%. The Plan of each employee is the immediate property of the employee. Employee have a choice of plan administrators, Nationwide Retirement Solutions (formerly Public Employee Benefits Services Corporation – PEBSCO) and IMCA-RC. In addition, the employee is responsible for the investment of their funds amongst choices of investment vehicles offered by their selected plan administrator.

Plan information as of and for the fiscal year ended September 30, 2015 is a follows:

Members in the Plan		29
City's contribution	\$ 144,479	
Percentage of covered payroll		8.08%
Employees' contribution	\$ 144,342	
Percentage of covered payroll		8.08%

**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

**NOTE 17 - Postemployment Benefits Other than Pension Benefits (OPEB)**

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 defined benefit Postemployment Benefit 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 offset to the retiree premium equal to \$10 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.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

At October 1, 2014, the date of the most recent actuarial valuation, plan participation consisted of

OPEB plan participants	1,997
Retirees	1,009
Total	3,006

Funding policy

The City has the authority to establish and amend funding policy. For the year ended September 30, 2015, the City paid \$9.3 million in OPEB benefits on a pay-as-go basis and \$147,041 to the Trust. The City's net OPEB obligation at September 30, 2015 was \$53 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.

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	\$ 14,259,000
Interest on net OPEB obligation	3,776,000
Adjustment to annual required contribution	(2,728,000)
Annual OPEB cost (expense)	15,307,000
Contributions made	9,445,068
Net OPEB obligation	5,861,932
Net OPEB obligation - beginning of year	47,202,000
 Net OPEB obligation - end of year	 \$ 53,063,932

Trend Information

Trend information indicates the progress made in accumulating sufficient assets to pay benefits when due, as follows:

Year Ended September 30,	Annual OPEB Cost	Contribution	Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 16,212,000	\$ 8,314,000	51%	\$ 38,733,000
2014	17,351,000	8,882,000	51	47,202,000
2015	15,307,000	9,463,000	62	53,046,000

Funded 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 the funded status as of the most updated actuarial information is as follows:

**CITY OF MIAMI BEACH, FLORIDA  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015  
(Continued)**

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Participants Covered Payroll	UAAL as % of Participants Covered Payroll
10/1/2014	\$ 24,761,000	\$ 203,509,000	\$ 178,748,000	12.2%	\$ 109,003,000	164.0%

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.

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.

As of October 1, 2014 the actuarial methods are:

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	Fair Market Value

The actuarial assumptions are:

Investment discount rate (long term expectation of investment return on assets)	8.0%
Projected annual salaries increases	3.5%
Inflation rate assumption	3.0%
Healthcare cost trend rate	

	<u>Select</u>	%	<u>Ultimate</u>	%
Pre 65 Medical & Rx	8	%	4.5	%
Post 65 Medical & Rx	7		4.5	
Administrative Fees	4.5		4.5	

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

OPEB Trust Fund financial statements for the fiscal year ended September 30, 2015 are as follows:

Statement of Fiduciary Net Position September 30, 2015	Statement of Change in Fiduciary Net Position September 30, 2015																																																				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Cash</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 60%; text-align: right;">24,704,857</td> </tr> <tr> <td>Receivable</td> <td></td> <td style="text-align: right;">147,737</td> </tr> <tr> <td style="border-top: 1px solid black;">Total Assets</td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">24,852,594</td> </tr> <tr> <td style="border-top: 1px solid black;">Liabilities</td> <td></td> <td style="border-top: 1px solid black;"></td> </tr> <tr> <td style="border-top: 1px solid black;">Total liabilities</td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;"></td> </tr> <tr> <td style="border-top: 1px solid black;">Net Position</td> <td style="text-align: right;">\$</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">24,852,594</td> </tr> </table>	Cash	\$	24,704,857	Receivable		147,737	Total Assets		24,852,594	Liabilities			Total liabilities			Net Position	\$	24,852,594	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Additions</td> </tr> <tr> <td style="width: 30%;">Employer contribution</td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 60%; text-align: right;">147,041</td> </tr> <tr> <td>Change in fair value</td> <td></td> <td style="text-align: right;">(997,206)</td> </tr> <tr> <td>Interest and dividends income</td> <td></td> <td style="text-align: right;">1,064,679</td> </tr> <tr> <td style="border-top: 1px solid black;">Total Additions</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">214,514</td> </tr> <tr> <td colspan="2">Deductions:</td> </tr> <tr> <td>Administrative Expense</td> <td></td> <td style="text-align: right;">123,161</td> </tr> <tr> <td style="border-top: 1px solid black;">Total Deductions</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">123,161</td> </tr> <tr> <td>Net increase</td> <td></td> <td style="text-align: right;">91,353</td> </tr> <tr> <td>Net position - held in Trust</td> <td></td> <td></td> </tr> <tr> <td style="border-top: 1px solid black;">Beginning of year</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">24,761,241</td> </tr> <tr> <td style="border-top: 1px solid black;">End of Year</td> <td style="text-align: right;">\$</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">24,852,594</td> </tr> </table>	Additions		Employer contribution	\$	147,041	Change in fair value		(997,206)	Interest and dividends income		1,064,679	Total Additions		214,514	Deductions:		Administrative Expense		123,161	Total Deductions		123,161	Net increase		91,353	Net position - held in Trust			Beginning of year		24,761,241	End of Year	\$	24,852,594
Cash	\$	24,704,857																																																			
Receivable		147,737																																																			
Total Assets		24,852,594																																																			
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**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

**NOTE 18 - Prior Period Adjustment**

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, an *Amendment of GASB Statement No. 27* ("GASB 68"), which was adopted by the City for the year ended September 30, 2015. GASB 68 requires governments providing defined benefit pension to recognize their long-term obligation for pension benefits as a liability and to more comprehensively and comparably measure the annual costs of pension benefits. In accordance with GASB 68, the City now reports a net pension liability on its financial statements, as well as deferred outflows of resources and deferred inflows of resources. In addition, the impact of implementing this statement resulted in a restatement of the beginning net position for governmental activities to adjust for the pension benefit liability that would have been reported in previous years. The prior period adjustment includes deferred outflows of contributions made subsequent to the measurement date.

The City's net position at October 1, 2014 has been restated as follows:

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Business-type Activities Total
Business-Type Activities						
Net Position, October 1, 2014	\$ 70,884,857	\$ 195,625,831	\$ 148,755,337	\$ 121,753,467	\$ 63,062,088	\$ 600,081,580
Restatement for:						
GASB 68 MBERP	(3,224,748)	(7,858,286)	(12,341,677)	(263,689)	(11,203,439)	(34,891,839)
Restated Net Position, October 1, 2014	<u>\$ 67,660,109</u>	<u>\$ 187,767,545</u>	<u>\$ 136,413,660</u>	<u>\$ 121,489,778</u>	<u>\$ 51,858,649</u>	<u>\$ 565,189,741</u>

	Governmental Activities	Total Government	Component Units	Internal Service
Net Position, October 1, 2014	\$ 736,795,370	\$ 1,336,876,950	\$ 3,021,249	\$ 26,143,778
Restatement for:				
GASB 68 MBERP	(122,564,217)	(157,456,056)	(494,013)	(12,112,740)
GASB 68 MBF&P	(201,383,964)	(201,383,964)		
Restated Net Position, October 1, 2014	<u>\$ 412,847,189</u>	<u>\$ 978,036,930</u>	<u>\$ 2,527,236</u>	<u>\$ 14,031,038</u>

**NOTE 19 - Subsequent Events**

On December 15, 2015, the City issued \$164,920,000 in Series 2015 Resort Tax Revenue Bonds. These Series of bonds were issued by the City for the purpose of providing funds to (i) finance a portion of the costs renovations to the Miami Beach Convention Center and related improvements, and (ii) pay the costs of issuing the Series 2015 bonds. These bonds were issued with interest rates of 4.00% to 5.00%, payable semiannually on March 1 and September 1, and will mature serially through September 1, 2045. These bonds are solely payable from and secured by a pledge of and first lien on the pledged funds derived by the City from (i) resort Tax revenue, and (ii) except for moneys, securities and instruments in the Rebate fund, all moneys, securities and instruments held in the funds and accounts established under the bond Resolution.

On December 15, 2015, the City issued \$58,825,000 in Series 2015 Parking Revenue Bonds. These Series of bonds are being issued by the City for the purpose of providing funds to (i) finance a portion of the costs constructing a new parking facility and improvements to a surface parking lot to service the City's Convention Center, and (ii) pay the cost of issuing the Series 2015 bonds, including the premium for the municipal bond insurance policy to guarantee the scheduled payment of principal and interest on certain maturities of the Series 2015 bonds and the municipal bond debt reserve insurance policy to satisfy the increase in the reserve account requirement resulting from the issuance of the Series 2015 bonds. These bonds were issued with interest rates of 3.00% to 5.00%, payable semiannually on March

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**  
**(Continued)**

1 and September 1, and will mature serially through September 1, 2045. These bonds will be repaid solely from pledged revenues of the Parking System.

On December 15, 2015, the Miami Beach Redevelopment Agency (the "Agency") issued \$286,245,000 in Series 2015A Tax Increment Revenue and Revenue Refunding Bonds, and \$35,850,000 in Taxable Series 2015B Tax Increment Revenue Refunding Bonds. The Series 2015A and 2015B bonds are secured equally and ratably by a first lien on and pledge of the pledge funds, which consist of (i) the trust fund revenues by the Agency, and (ii) except for moneys, securities and instruments in the rebate fund, all moneys, securities and instruments held in the funds and accounts established under the bond resolution. The Series 2015A and 2015B bonds are subject to a trust indenture, which requires that annual debt service requirements be fully funded upon receipts of the trust fund revenue. The Series 2015A bonds will be used, together with certain other legally available moneys of the Agency, to (i) provide for the current refunding of all the outstanding Series 2005B bonds, (ii) finance certain costs of acquiring and constructing renovations to the Miami Beach Convention Center and certain other improvements, and (iii) pay costs of issuance of the Series 2015A bond and refunding the outstanding Series 2005B bonds, including the premium for the bond insurance policy to guarantee the scheduled payment of principal and interest on certain maturities of the Series 2015A bonds and the portion of the premium allocable to the Series 2015A bond for the reserve policy. The Series 2015A bonds were issued with interest rates of 4.00% to 5.00%, payable semiannually on February 1 and August 1, and will mature serially through February 1, 2044. The Series 2015B will be used to (i) provide for the advance refunding of all the outstanding Series 1998A bonds, (ii) provide for the current refunding of all the outstanding Series 2005A bonds, and (iii) pay costs of issuance of the Series 2015B bonds and refunding the outstanding Series 1998A bonds and the outstanding Series 2015A bonds, including the portion of the premium allocable to the Series 2015B bonds for the reserve policy. The Series 2015B bonds were issued with interest rates of 1.926% to 3.688%, payable semiannually on February 1 and August 1, and will mature serially through February 1, 2023.

**REQUIRED SUPPLEMENTARY  
INFORMATION (RSI)**

**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF CONTRIBUTIONS BY EMPLOYER AND OTHER CONTRIBUTING ENTITIES**  
**RETIREMENT SYSTEMS**  
(Unaudited)

**\*Miami Beach Employees Retirement Plan**

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 26,456,580	\$ 25,602,030
Actual contribution	<u>26,456,580</u>	<u>25,602,030</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 82,359,302	\$ 76,362,960
Actual contribution as a % of covered payroll	32.12%	33.53%

\* Information provided for only 2 years

**City Pension for Firefighters and Police Officers**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	\$ 33,149,388	\$ 35,960,326	\$ 39,492,050	\$ 36,297,459	\$ 32,811,570	\$ 23,403,818	\$ 20,159,995	\$ 17,618,045	\$ 15,231,417	\$ 14,601,836
Actual contribution	<u>33,149,388</u>	<u>35,960,326</u>	<u>39,492,050</u>	<u>36,297,459</u>	<u>32,811,570</u>	<u>23,403,818</u>	<u>20,159,995</u>	<u>17,618,045</u>	<u>15,231,417</u>	<u>14,601,836</u>
Contribution deficiency (excess)	<u>\$ -</u>									
** Covered-employee payroll	\$ 64,530,740	\$ 57,545,593	\$ 46,313,650	\$ 49,186,724	\$ 49,718,966	\$ 51,636,070	\$ 53,153,934	\$ 40,060,096	\$ 36,592,193	\$ 32,354,015
Actual contribution as a % of covered payroll	51.37%	62.49%	85.27%	73.80%	65.99%	45.32%	37.93%	43.98%	41.62%	45.13%

\*\* Includes DROP members

**Notes:**

1. This is a ten year schedule. However the information displayed in the Employees Retirement Plan schedule is not required to be presented retroactively. Years will be added in future periods until ten years of information is available.
2. City Pension for Firefighters and Police Officers actual contributions include certain Chapter 175/185 non-employer contributions amounts. These amounts are from the State of Florida.

**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED**  
**RATIOS**  
**RETIREMENT SYSTEMS**  
**(Unaudited)**

<b>Miami Beach Employees Retirement Plan (MBERP)</b>	2015
<b>Total pension liability</b>	
Service cost	\$ 12,306,795
Interest	51,809,378
Benefit changes	(1,183,267)
Differences between expected and actual experience	4,909,738
Changes of assumption	-
Benefit payments, including refunds or member contributions	(37,501,400)
Refunds	(1,143,866)
Other (change in receivable from excess benefit plan)	311,077
Net change in total pension liability	29,508,455
Total pension liability - beginning	654,010,904
Total pension liability - ending	683,519,359
<b>Plan fiduciary net position</b>	
Contributions - employer	25,602,030
Contributions - member	7,373,407
Net investment income	51,773,646
Benefit payments, including refunds of member contributions	(37,501,400)
Refunds	(1,143,866)
Administrative expenses	(668,851)
Other	-
Net change in plan fiduciary net position	45,434,966
Plan fiduciary net position - beginning	470,952,819
Plan fiduciary net position - ending	\$ 516,387,785
City's net pension liability	\$ 167,131,574
Plan fiduciary net position as a percentage of total pension liability	75.55%
* Covered employee payroll	\$ 76,362,960
Net pension liability as a percentage of covered employee payroll	218.86%

\* Expected total covered payroll for the fiscal year ending September 30, 2015

<b>City Pension for Firefighters and Police Officers (MBF&amp;P)</b>	2015
<b>Total pension liability</b>	
Service cost	\$ 14,763,595
Interest	75,108,912
Benefit changes	-
Differences between expected and actual experience	7,685,043
Changes of assumption	-
Benefit payments, including refunds or member contributions	(53,605,094)
Net change in total pension liability	43,952,456
Total pension liability - beginning	947,553,563
Total pension liability - ending	991,506,019
<b>Plan fiduciary net position</b>	
Contributions - City and State	35,960,326
Contributions - member	5,258,974
Net investment income	72,259,674
Benefit payments, including refunds of member contributions	(53,605,094)
Administrative expenses	(905,130)
Other	-
Net change in plan fiduciary net position	58,968,750
Plan fiduciary net position - beginning	710,329,822
Plan fiduciary net position - ending	\$ 769,298,572
City's net pension liability	\$ 222,207,447
Plan fiduciary net position as a percentage of total pension liability	77.59%
*Covered employee payroll	\$ 57,545,593
Net pension liability as a percentage of covered employee payroll	386.14%

\* Projected pensionable payroll (including DROPs) - GASB No. 68 references total payroll  
The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

CITY OF MIAMI BEACH  
NOTES TO THE RETIREMENT SYSTEMS SCHEDULES  
September 30, 2015

The above schedules are ten year schedules, however, the information in the schedules are not required to be presented retroactively. Years will be added to these schedules in future periods until ten years of information is available.

Notes to the net pension liability - MBERP

Valuation Date	September 30, 2014
Measurement Date	September 30, 2014
Actuarial Cost Method	Entry Age Normal
Inflation	3.0%
Salary Increases	4.5% to 7% depending on service, including inflation
Investment Rate of Return	8.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Salary Increases	4.5% to 7% depending on service, including inflation
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvements projected after year 2000 to the year 2010 using Scale AA.
Assumption Changes	Investment return assumption plan to decrease in the next period from 8.00% to 7.85%

Notes to the net pension liability – MBF&P

Valuation Date                      October 1, 2013

Update procedures used to roll forward TPL excluding DROP account balances to the measurement dates – actual Drop account balances as of measurement dates included in TPL. No assumption and/or method changes or benefit changes during the year

Each of the Retirement Systems are audited separately. Complete financial statement 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

**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST-EMPLOYMENT BENEFITS (in thousands)**  
**(Unaudited)**

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
10/1/12	\$ 19,015	\$ 191,353	\$ 172,338	9.9	\$ 108,263	159.2 %
10/1/13	22,167	203,809	181,642	10.9	107,951	168.3
10/1/14	24,761	203,509	178,748	12.2	109,003	164.0

\*Actuarial valuations are completed biannually as permitted by GASB Statement No. 45

The following is the OPEB contributions by year:

Year	ARC	Contributions	Percent Contributed	NOO
2009	\$ 16,008,000	\$ 16,008,000	100.0%	\$ 6,908,000
2010	16,285,000	7,931,000	48.7%	17,370,000
2011	18,075,000	10,669,000	59.0%	22,875,000
2012	18,556,000	11,104,000	59.8%	30,835,000
2013	15,527,000	8,314,000	53.5%	38,733,000
2014	16,490,000	8,882,000	53.9%	47,202,000
2015	14,259,000	9,463,000	66.4%	53,046,000
		79,272,000		

**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, 2015**  
**(Unaudited)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property	\$ 127,904,000	\$ 127,904,000	\$ 128,130,702	\$ 226,702
Sales, use and fuel taxes	982,000	982,000	1,068,686	86,686
Utility	11,677,000	11,677,000	11,481,300	(195,700)
Local business	4,506,000	4,506,000	4,629,996	123,996
Communication Service	4,465,000	4,465,000	4,519,938	54,938
Franchise fees	8,247,000	8,247,000	8,361,063	114,063
Permits	19,604,000	19,604,000	23,120,948	3,516,948
Intergovernmental	10,290,000	10,290,000	10,262,559	(27,441)
Charges for services	16,279,000	16,279,000	19,207,389	2,928,389
Rents and leases	6,496,000	6,496,000	6,751,611	255,611
Interest income	3,285,000	3,285,000	3,865,262	580,262
Fines and forfeits	2,401,000	2,401,000	1,829,301	(571,699)
Administrative fees	17,096,000	17,096,000	15,027,026	(2,068,974)
Other	626,000	776,000	1,545,080	769,080
Total revenues	233,858,000	234,008,000	239,800,861	5,792,861
<b>Expenditures</b>				
General government:				
Mayor and Commission	1,912,000	1,912,000	1,884,779	27,221
City Manager	3,391,000	3,396,000	3,180,302	215,698
City Clerk	1,371,000	1,371,000	1,328,492	42,508
Budget and Performance Management	2,797,000	2,819,497	2,580,245	239,252
Finance	5,289,000	5,289,000	4,912,115	376,885
Human Resources	2,166,000	2,189,000	1,974,189	214,811
Procurement	1,657,000	1,660,000	1,545,568	114,432
City Attorney	5,000,000	5,000,872	4,793,200	207,672
Planning	3,871,000	3,909,603	3,907,235	2,368
Media Relations	1,385,000	1,445,580	1,388,547	57,033
Public Works	3,180,000	3,296,121	3,122,392	173,729
Capital Improvement	4,886,000	4,886,000	4,417,728	468,272
Unclassified	5,696,000	8,490,716	6,093,876	2,396,840
Total general government	42,601,000	45,665,389	41,128,668	4,536,721
Public safety:				
Building Services	13,208,000	12,828,543	12,018,977	809,566
Code Compliance	5,242,000	5,355,579	4,892,956	462,623
Fire	61,338,000	61,497,206	61,078,848	418,358
Police	91,884,500	91,990,993	90,663,062	1,327,931
Emergency Management	8,623,000	8,663,087	8,488,393	174,694
Total public safety	180,295,500	180,335,408	177,142,236	3,193,172
Physical Environment	2,357,000	2,357,000	2,356,862	138
Transportation	4,017,400	4,017,410	4,012,788	4,622
Economic Environment	1,235,000	1,235,000	1,180,846	54,154
Human Services	1,973,000	1,973,000	1,795,040	177,960
Culture and recreation	35,412,000	35,778,668	33,193,450	2,585,218
Capital Outlay	1,643,100	1,282,576	294,350	988,226
Debt service:				
Principal retirement	1,216,000	872,000	870,000	2,000
Interest and fiscal charges	105,000	562,394	558,681	3,713
Total expenditures	270,855,000	274,078,845	262,532,921	11,545,924
Excess (deficiency) of revenues over (under) expenditures	(36,997,000)	(40,070,845)	(22,732,060)	17,338,785
<b>Other financing sources (uses)</b>				
Transfers in	43,034,000	43,309,000	42,759,000	(550,000)
Transfers out	(9,224,000)	(11,249,155)	(11,248,923)	232
Sale of capital assets			10,301	10,301
Total other financing sources	33,810,000	32,059,845	31,520,378	(539,467)
Net change in fund balances	(3,187,000)	(8,011,000)	8,788,318	16,799,318
Fund balances - beginning of year	50,502,891	50,502,891	50,502,891	
Fund balances - end of year	\$ 47,315,891	\$ 42,491,891	\$ 59,291,209	\$ 16,799,318

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**BUDGETED MAJOR SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended September 30, 2015**  
**(Unaudited)**

	Resort Tax Revenue Fund				Miami Beach Redevelopment Agency			
	Original	Final	Actual	Variance	Original	Final	Actual	Variance
	Budgeted	Budgeted		Positive	Budgeted	Budgeted		Positive
Amounts	Amounts	Amounts	(Negative)	Amounts	Amounts	Amounts	(Negative)	
<b>Revenues</b>								
Resort taxes	\$ 62,481,500	\$ 62,481,500	\$ 67,999,916	\$ 5,518,416	\$	\$	\$	\$
Tax increment					38,394,000	38,394,000	38,094,108	(299,892)
Rents and leases							128,132	128,132
Interest income	100,000	100,000	84,186	(15,814)	25,000	25,000	111,273	86,273
Special assessment	300,000	300,000	272,478	(27,522)				
Other	7,000	7,000	10,925	3,925	100,000	100,000		(100,000)
<b>Total revenues</b>	<b>62,888,500</b>	<b>62,888,500</b>	<b>68,367,505</b>	<b>5,479,005</b>	<b>38,519,000</b>	<b>38,519,000</b>	<b>38,333,513</b>	<b>(185,487)</b>
<b>Expenditures</b>								
General government	1,394,000	1,406,213	1,151,678	254,535	20,439,000	24,956,864	5,889,295	19,067,569
Public safety					4,575,000	4,575,000	4,500,056	74,944
Economic environment					2,400,000	2,398,000	2,385,988	12,012
Culture and recreation	12,897,000	15,183,101	14,388,286	794,815	1,169,000	1,188,000	821,852	366,148
Capital Outlay	1,000	171,686	157,102	14,584		8,138,953	3,453,173	4,685,780
Debt Service:								
Interest and fiscal charges		3,500	1,239	2,261				
<b>Total expenditures</b>	<b>14,292,000</b>	<b>16,764,500</b>	<b>15,698,305</b>	<b>1,066,195</b>	<b>28,583,000</b>	<b>41,256,817</b>	<b>17,050,364</b>	<b>24,206,453</b>
Excess (deficiency) of revenues over (under) expenditures	48,596,500	46,124,000	52,669,200	6,545,200	9,936,000	(2,737,817)	21,283,149	24,020,966
<b>Other financing sources (uses)</b>								
Transfers out	(48,596,500)	(48,871,500)	(48,435,804)	435,696	(9,936,000)	(9,936,000)	(8,578,060)	1,357,940
Sale of capital assets							3,091	3,091
<b>Total other financing sources (uses)</b>	<b>(48,596,500)</b>	<b>(48,871,500)</b>	<b>(48,435,804)</b>	<b>435,696</b>	<b>(9,936,000)</b>	<b>(9,936,000)</b>	<b>(8,574,969)</b>	<b>1,361,031</b>
<b>Net change in fund balances</b>		<b>(2,747,500)</b>	<b>4,233,396</b>	<b>6,980,896</b>		<b>(12,673,817)</b>	<b>12,708,180</b>	<b>25,381,997</b>
Fund balances - beginning of year	19,586,549	19,586,549	19,586,549		15,498,962	15,498,962	15,498,962	
Fund balances - end of year	\$ 19,586,549	\$ 16,839,049	\$ 23,819,945	\$ 6,980,896	\$ 15,498,962	\$ 2,825,145	\$ 28,207,142	\$ 25,381,997

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2015**  
**(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' has legally adopted annual budgets for the General Fund, and the City's two (2) major special revenue funds which are the Resort Tax Fund and the Miami Beach Redevelopment Agency 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.

Pursuant to the City's Charter, the City Manager shall make public a budget summary setting forth the proposed cost of each individual department and reflecting the personnel for each department. 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 authorized 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 were nine (9) supplemental budgetary appropriations for the funds mentioned above; four (4) operating and five (5) capital during fiscal year ended September 30, 2015.

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.

The final amended budget included an additional net budget increase of \$15.9 million for fiscal year 2015 expenditures and transfers to other funds.

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 commitments of fund balances, since they do not constitute expenditures or liabilities because the commitments will be re-appropriated 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, and 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.

**HOME Investment Partnership Program Grant Fund:** This fund accounts for revenues and expenditures that are governed by the HOME grant agreements between the Federal Government and the City.

**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.

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

**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.

**Other Debt Service Fund:** This fund accounts for principal and interest payment on the Resort Tax Special Obligation bonds and the Ameresco loan. .

**CITY OF MIAMI BEACH, FLORIDA  
COMBINED BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
September 30, 2015**

	<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	\$ 98,505,628	\$ 9,850,942	\$ 108,356,570
Receivables, net	785,248	286	785,534
Due from other funds	694,773		694,773
Due from other governments	738,960		738,960
	<u>100,724,609</u>	<u>9,851,228</u>	<u>110,575,837</u>
Total assets	<u>\$ 100,724,609</u>	<u>\$ 9,851,228</u>	<u>\$ 110,575,837</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,441,113	\$	\$ 2,441,113
Retainage payable	173,365		173,365
Accrued expenditures	605,630		605,630
Unearned revenues	45,012		45,012
Deposits	29,893		29,893
Due to other governments	57,873		57,873
Due to other funds	183,769		183,769
	<u>3,536,655</u>		<u>3,536,655</u>
Total liabilities	<u>3,536,655</u>		<u>3,536,655</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable other revenues	242,884		242,884
	<u>242,884</u>		<u>242,884</u>
Total deferred inflows of resources	<u>242,884</u>		<u>242,884</u>
<b>FUND BALANCES</b>			
Restricted	82,808,715	9,851,228	92,659,943
Committed	14,831,197		14,831,197
Assigned			
Unassigned	(694,842)		(694,842)
	<u>96,945,070</u>	<u>9,851,228</u>	<u>106,796,298</u>
Total fund balances	<u>96,945,070</u>	<u>9,851,228</u>	<u>106,796,298</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 100,724,609</u>	<u>\$ 9,851,228</u>	<u>\$ 110,575,837</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, 2015**

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Property taxes	\$	\$ 6,820,207	\$ 6,820,207
Sales , Use and Fuel Taxes	3,538,820		3,538,820
Utility taxes	711,635		711,635
Other taxes	2,298,784		2,298,784
Federal grants	4,146,722		4,146,722
State grants	209,797		209,797
Grants from other local units	1,702,307		1,702,307
Charges for services	3,984,045		3,984,045
Fines and forfeitures	860,877		860,877
Impact Fees	10,377,988		10,377,988
Interest income	97,296	1,267	98,563
Permits	2,928		2,928
Rent and leases	254,339		254,339
Intergovernmental	162,855		162,855
Miscellaneous	557,699	4,318	562,017
	<u>28,906,092</u>	<u>6,825,792</u>	<u>35,731,884</u>
<b>EXPENDITURES</b>			
Current:			
General government	359,200		359,200
Public safety	8,605,065		8,605,065
Physical environment	1,277,034		1,277,034
Transportation	5,108,057		5,108,057
Economic environment	1,699,177		1,699,177
Human services	1,097,076		1,097,076
Culture and recreation	2,423,893		2,423,893
Capital Outlay	6,793,133		6,793,133
Debt Service:			
Principal		15,911,013	15,911,013
Interest		7,506,776	7,506,776
	<u>27,362,635</u>	<u>23,417,789</u>	<u>50,780,424</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,543,457</u>	<u>(16,591,997)</u>	<u>(15,048,540)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	16,849,275	17,793,089	34,642,364
Transfers out	(314,554)	(1,322,505)	(1,637,059)
	<u>16,534,721</u>	<u>16,470,584</u>	<u>33,005,305</u>
Total other financing sources	<u>16,534,721</u>	<u>16,470,584</u>	<u>33,005,305</u>
Net change in fund balances	18,078,178	(121,413)	17,956,765
Fund balances - beginning of year	<u>78,866,892</u>	<u>9,972,641</u>	<u>88,839,533</u>
Fund balances - end of year	<u>\$ 96,945,070</u>	<u>\$ 9,851,228</u>	<u>\$ 106,796,298</u>

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

September 30, 2015

	Community Development Block Grant Fund	State Housing Initiatives Partnership Fund	Parking Impact Fees Fund	Transportation Concurrency Management Fund	Police Confiscation and Training Fund	HOME Investment Partnership Program Grant Fund	Other Special Revenue Fund	Total
<b>ASSETS</b>								
Cash and investments	\$ 20,744	\$ 641,902	\$ 20,173,016	\$ 16,911,007	\$ 1,480,082	\$ 100,255	\$ 59,178,622	\$ 98,505,628
Receivables, net			289,290	5,714	22,216		468,028	785,248
Due from other funds	3,194					938	690,641	694,773
Due from other governments	120,685					336,590	281,685	738,960
Total assets	<u>\$ 144,623</u>	<u>\$ 641,902</u>	<u>\$ 20,462,306</u>	<u>\$ 16,916,721</u>	<u>\$ 1,502,298</u>	<u>\$ 437,783</u>	<u>\$ 60,618,976</u>	<u>\$ 100,724,609</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 40,800	\$	\$	\$	\$ 14,805	\$ 336,398	\$ 2,049,110	\$ 2,441,113
Retainage payable	1,583					123,659	48,123	173,365
Accrued expenditures	2,331					758	602,541	605,630
Unearned revenue							45,012	45,012
Due to other funds	101,343					78,427	3,999	183,769
Due to other governments							57,873	57,873
Deposits							29,893	29,893
Total liabilities	<u>146,057</u>				<u>14,805</u>	<u>539,242</u>	<u>2,836,551</u>	<u>3,536,655</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable other revenues		242,884						242,884
Total deferred inflows of resources		<u>242,884</u>						<u>242,884</u>
<b>FUND BALANCES</b>								
Restricted	(1,434)	399,018	20,462,306	16,916,721	1,487,493	(101,459)	43,646,070	82,808,715
Committed							14,831,197	14,831,197
Assigned								
Unassigned							(694,842)	(694,842)
Total fund balances	<u>(1,434)</u>	<u>399,018</u>	<u>20,462,306</u>	<u>16,916,721</u>	<u>1,487,493</u>	<u>(101,459)</u>	<u>57,782,425</u>	<u>96,945,070</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 144,623</u>	<u>\$ 641,902</u>	<u>\$ 20,462,306</u>	<u>\$ 16,916,721</u>	<u>\$ 1,502,298</u>	<u>\$ 437,783</u>	<u>\$ 60,618,976</u>	<u>\$ 100,724,609</u>

**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, 2015

	Community Development Block Grant Fund	State Housing Initiatives Partnership Fund	Parking Impact Fees Fund	Transportation Concurrency Management Fund	Police Confiscation and Training Fund	HOME Investment Partnership Program Grant Fund	Other Special Revenue Fund	Total
<b>Revenues:</b>								
Sales, Use and Fuel Taxes	\$	\$	\$	\$	\$	\$	3,538,820	\$ 3,538,820
Utility taxes							711,635	711,635
Other taxes							2,298,784	2,298,784
Federal grants	1,156,992				194,348	755,678	2,039,704	4,146,722
State grants		2,713			103,131		103,953	209,797
Grants from other local units					28,475		1,673,832	1,702,307
Charges for services							3,984,045	3,984,045
Fines and forfeitures							860,877	860,877
Impact Fees			7,779,159	2,598,829				10,377,988
Interest income	66	2,394	71,280		6,582	19	16,955	97,296
Permits							2,928	2,928
Rent and leases							254,339	254,339
Intergovernmental							162,855	162,855
Miscellaneous		263,810	1,474				292,415	557,699
<b>Total revenues</b>	<b>1,157,058</b>	<b>268,917</b>	<b>7,851,913</b>	<b>2,598,829</b>	<b>332,536</b>	<b>755,697</b>	<b>15,941,142</b>	<b>28,906,092</b>
<b>Expenditures:</b>								
Current:								
General government							359,200	359,200
Public safety					553,693		8,051,372	8,605,065
Physical environment							1,277,034	1,277,034
Transportation							5,108,057	5,108,057
Economic environment	1,142,741	2,713				58,886	494,837	1,699,177
Human services							1,097,076	1,097,076
Culture and recreation							2,423,893	2,423,893
Capital Outlay	15,835			301,385	151,501	820,451	5,503,961	6,793,133
<b>Total expenditures</b>	<b>1,158,576</b>	<b>2,713</b>		<b>301,385</b>	<b>705,194</b>	<b>879,337</b>	<b>24,315,430</b>	<b>27,362,635</b>
Excess (deficiency) of revenues over (under) expenditures	(1,518)	266,204	7,851,913	2,297,444	(372,658)	(123,640)	(8,374,288)	1,543,457
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in					36,155		16,813,120	16,849,275
Transfers out							(314,554)	(314,554)
<b>Total other financing sources (uses)</b>					<b>36,155</b>		<b>16,498,566</b>	<b>16,534,721</b>
<b>Net change in fund balances</b>	<b>(1,518)</b>	<b>266,204</b>	<b>7,851,913</b>	<b>2,297,444</b>	<b>(336,503)</b>	<b>(123,640)</b>	<b>8,124,278</b>	<b>18,078,178</b>
Fund balances - beginning of year	84	132,814	12,610,393	14,619,277	1,823,996	22,181	49,658,147	78,866,892
<b>Fund balances - end of year</b>	<b>\$ (1,434)</b>	<b>\$ 399,018</b>	<b>\$ 20,462,306</b>	<b>\$ 16,916,721</b>	<b>\$ 1,487,493</b>	<b>\$ (101,459)</b>	<b>\$ 57,782,425</b>	<b>\$ 96,945,070</b>

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

September 30, 2015

	General Obligation Debt Service Fund	Pension Special Obligation Debt Service Fund	Gulf Breeze Special Obligation Debt Service Fund	Miami Beach Redevelopment Agency Debt Service Fund	Sunshine State Special Obligation Debt Service Fund	Other Debt Service Funds	Total
<b>ASSETS</b>							
Cash and investments	\$ 1,674,679	\$ 2,006	\$ 2,268,697	\$ 5,747,124	\$ 126,547	\$ 31,889	\$ 9,850,942
Receivables, net	286						286
Total assets	<u>\$ 1,674,965</u>	<u>\$ 2,006</u>	<u>\$ 2,268,697</u>	<u>\$ 5,747,124</u>	<u>\$ 126,547</u>	<u>\$ 31,889</u>	<u>\$ 9,851,228</u>
<b>FUND BALANCES</b>							
Restricted	<u>1,674,965</u>	<u>2,006</u>	<u>2,268,697</u>	<u>5,747,124</u>	<u>126,547</u>	<u>31,889</u>	<u>9,851,228</u>
Total fund balances	<u>1,674,965</u>	<u>2,006</u>	<u>2,268,697</u>	<u>5,747,124</u>	<u>126,547</u>	<u>31,889</u>	<u>9,851,228</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,674,965</u>	<u>\$ 2,006</u>	<u>\$ 2,268,697</u>	<u>\$ 5,747,124</u>	<u>\$ 126,547</u>	<u>\$ 31,889</u>	<u>\$ 9,851,228</u>

**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, 2015**

	General Obligation Debt Service Fund	Pension Special Obligation Debt Service Fund	Gulf Breeze Special Obligation Debt Service Fund	Miami Beach Redevelopment Agency Debt Service Fund	Sunshine State Special Obligation Debt Service Fund	Other Debt Service Funds	Total
<b>Revenues</b>							
Property taxes	\$ 6,820,207	\$	\$	\$	\$	\$	\$ 6,820,207
Interest income	526			741			1,267
Other	4,318						4,318
<b>Total revenues</b>	<u>6,825,051</u>			<u>741</u>			<u>6,825,792</u>
<b>Expenditures</b>							
Debt Service:							
Principal	3,525,000	3,775,000	2,155,772	5,375,000		1,080,241	15,911,013
Interest	2,386,171	1,395,662	173,387	3,039,103		512,453	7,506,776
<b>Total expenditures</b>	<u>5,911,171</u>	<u>5,170,662</u>	<u>2,329,159</u>	<u>8,414,103</u>		<u>1,592,694</u>	<u>23,417,789</u>
Excess of expenditures over revenues	<u>913,880</u>	<u>(5,170,662)</u>	<u>(2,329,159)</u>	<u>(8,413,362)</u>		<u>(1,592,694)</u>	<u>(16,591,997)</u>
Other financing sources (uses):							
Transfers in		5,172,000	2,542,505	8,454,059		1,624,525	17,793,089
Transfers out				(1,322,505)			(1,322,505)
<b>Total other financing sources</b>		<u>5,172,000</u>	<u>2,542,505</u>	<u>7,131,554</u>		<u>1,624,525</u>	<u>16,470,584</u>
<b>Net change in fund balances</b>	913,880	1,338	213,346	(1,281,808)		31,831	(121,413)
Fund balances at beginning of year	761,085	668	2,055,351	7,028,932	126,547	58	9,972,641
<b>Fund balances at end of year</b>	<u>\$ 1,674,965</u>	<u>\$ 2,006</u>	<u>\$ 2,268,697</u>	<u>\$ 5,747,124</u>	<u>\$ 126,547</u>	<u>\$ 31,889</u>	<u>\$ 9,851,228</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, 2015**

	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 Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>							
Property taxes	\$ 5,911,000	\$ 6,820,207	\$ 909,207	\$	\$	\$	\$
Interest income	17,000	526	(16,474)			741	741
Other		4,318	4,318				
<b>Total revenues</b>	<b>5,928,000</b>	<b>6,825,051</b>	<b>897,051</b>			<b>741</b>	<b>741</b>
<b>Expenditures</b>							
Debt Service:							
Principal payments	3,525,000	3,525,000		5,450,392	5,450,392	5,375,000	75,392
Interest payments	2,403,000	2,386,171	16,829	3,039,103	3,039,103	3,039,103	
<b>Total expenditures</b>	<b>5,928,000</b>	<b>5,911,171</b>	<b>16,829</b>	<b>8,489,495</b>	<b>8,489,495</b>	<b>8,414,103</b>	<b>75,392</b>
Excess (deficiency) of revenues over (under) expenditures		913,880	913,880	(8,489,495)	(8,489,495)	(8,413,362)	76,133
<b>Other financing sources (uses)</b>							
Transfers in				9,812,000	9,812,000	8,454,059	(1,357,941)
Transfers out				(1,322,505)	(1,322,505)	(1,322,505)	
<b>Total other financing sources</b>				<b>8,489,495</b>	<b>8,489,495</b>	<b>7,131,554</b>	<b>(1,357,941)</b>
<b>Net change in fund balances</b>		<b>913,880</b>	<b>913,880</b>			<b>(1,281,808)</b>	<b>(1,281,808)</b>
Fund balances - beginning	761,085	761,085		7,028,932	7,028,932	7,028,932	
Fund balances - ending	\$ 761,085	\$ 1,674,965	\$ 913,880	\$ 7,028,932	\$ 7,028,932	\$ 5,747,124	\$ (1,281,808)

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**September 30, 2015**

	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	\$ 11,322,836	\$ 14,974,606	\$ 8,828,626	\$ 35,126,068
Accounts receivable (net of allowance for uncollectibles)	783,314	142,134	144,843	1,070,291
Due from other funds	470,595	192,765	8,051	671,411
Prepaid expenses			27,917	27,917
Total current assets	<u>12,576,745</u>	<u>15,309,505</u>	<u>9,009,437</u>	<u>36,895,687</u>
Noncurrent assets:				
Cash and investments				
Customer deposits and advance sales		64,265	159,565	223,830
Capital assets:				
Land	405,680	2,793,052	210,230	3,408,962
Buildings and structures	1,153,418	28,426,115	2,336,192	31,915,725
Machinery and equipment	3,213,741	338,532	9,404	3,561,677
Construction in progress	302,680	68,800		371,480
Less accumulated depreciation	<u>(2,115,401)</u>	<u>(8,268,856)</u>	<u>(696,466)</u>	<u>(11,080,723)</u>
Total capital assets (net of accumulated depreciation)	<u>2,960,118</u>	<u>23,357,643</u>	<u>1,859,360</u>	<u>28,177,121</u>
Total noncurrent assets	<u>2,960,118</u>	<u>23,421,908</u>	<u>2,018,925</u>	<u>28,400,951</u>
Total assets	<u>15,536,863</u>	<u>38,731,413</u>	<u>11,028,362</u>	<u>65,296,638</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Outflows - MBERP	1,755,136			1,755,136
Total deferred outflows of resources	<u>1,755,136</u>			<u>1,755,136</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	311,069	384,975	2,043	698,087
Accrued expenses	245,461			245,461
Due to other funds	50,330	138,792	42,684	231,806
Due to other governments		14,405	7,748	22,153
Loan payable	100,462			100,462
Accrued compensated absences	394,396			394,396
Unearned revenues		57,815		57,815
Total current liabilities	<u>1,101,718</u>	<u>595,987</u>	<u>52,475</u>	<u>1,750,180</u>
Noncurrent liabilities:				
Deposits		6,450	159,565	166,015
Accrued compensated absences	216,245			216,245
Environmental remediation liability	200,000			200,000
Net pension liability - MBERP	11,891,880			11,891,880
Loan payable	193,251			193,251
Total noncurrent liabilities	<u>12,501,376</u>	<u>6,450</u>	<u>159,565</u>	<u>12,667,391</u>
Total liabilities	<u>13,603,094</u>	<u>602,437</u>	<u>212,040</u>	<u>14,417,571</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Inflows - MBERP	816,889			816,889
Total deferred inflows of resources	<u>816,889</u>			<u>816,889</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,666,405	23,357,643	1,859,360	27,883,408
Unrestricted	205,611	14,771,333	8,956,962	23,933,906
Total net position	<u>\$ 2,872,016</u>	<u>\$ 38,128,976</u>	<u>\$ 10,816,322</u>	<u>\$ 51,817,314</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2015**

	<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	\$ 9,733,267	\$ 3,861,532	\$	\$ 13,594,799
Permits, rentals, and other	5,387,660	590,797	912,855	6,891,312
Total operating revenues	<u>15,120,927</u>	<u>4,452,329</u>	<u>912,855</u>	<u>20,486,111</u>
Operating expenses:				
Personal services	8,847,908			8,847,908
Operating supplies	28,663			28,663
Contractual services	4,457,633	2,493,794	282,961	7,234,388
Utilities	50,835	128,282	9,399	188,516
Internal charges	1,317,940	266,582	24,000	1,608,522
Depreciation	330,314	721,711	72,287	1,124,312
Administrative fees	1,150,000	356,000	66,000	1,572,000
Other operating	603,810	139,497	4,913	748,220
Total operating expenses	<u>16,787,103</u>	<u>4,105,866</u>	<u>459,560</u>	<u>21,352,529</u>
Operating income (loss)	<u>(1,666,176)</u>	<u>346,463</u>	<u>453,295</u>	<u>(866,418)</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(8,928)			(8,928)
Gain (Loss) on disposal of capital assets	63,404			63,404
Interest income	59,055	49,993	30,290	139,338
Total nonoperating expenses	<u>113,531</u>	<u>49,993</u>	<u>30,290</u>	<u>193,814</u>
Income before contributions and transfers	<u>(1,552,645)</u>	<u>396,456</u>	<u>483,585</u>	<u>(672,604)</u>
Transfers in	666,706			666,706
Transfers out	(35,437)			(35,437)
Change in net position	<u>(921,376)</u>	<u>396,456</u>	<u>483,585</u>	<u>(41,335)</u>
Net position - beginning	14,996,831	37,732,520	10,332,737	63,062,088
Prior period adjustment GASB 68	(11,203,439)			(11,203,439)
Net position - beginning, as restated	3,793,392	37,732,520	10,332,737	51,858,649
Total net position - ending	<u>\$ 2,872,016</u>	<u>\$ 38,128,976</u>	<u>\$ 10,816,322</u>	<u>\$ 51,817,314</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2015**

	<b>Sanitation Fund</b>	<b>Miami Beach Redevelopment Agency's Parking Fund</b>	<b>Miami Beach Redevelopment Agency's Leasing Fund</b>	<b>Totals</b>
<b>Cash flows from operating activities:</b>				
Receipts received from customers	\$ 9,763,916	\$ 3,844,521	\$ 12,658	\$ 13,621,095
Payments to suppliers	(5,157,972)	(3,046,496)	(312,538)	(8,517,006)
Payments to employees	(8,815,130)			(8,815,130)
Payments on behalf of employees	(249,806)			(249,806)
Payments for interfund services used	(2,467,940)	(747,910)	(80,693)	(3,296,543)
Receipts for other operating revenue	5,387,660	590,797	912,855	6,891,312
Net cash provided by (used in) operating activities	<u>(1,539,272)</u>	<u>640,912</u>	<u>532,282</u>	<u>(366,078)</u>
<b>Cash flows for non-capital financing activities:</b>				
Transfers in	666,706			666,706
Transfers out	(35,437)			(35,437)
Net cash provided by non-capital financing activities	<u>631,269</u>			<u>631,269</u>
<b>Cash flows from capital and related financial activities:</b>				
Principal paid on loan	(129,112)			(129,112)
Interest and fiscal charges	(8,987)			(8,987)
Purchase of capital assets	(1,563,669)	(288,777)		(1,852,446)
Proceeds from sale of capital assets	88,407			88,407
Net cash used in capital and related financial activities	<u>(1,613,361)</u>	<u>(288,777)</u>		<u>(1,902,138)</u>
<b>Cash flows from investing activities:</b>				
Interest on investments	59,055	49,993	30,290	139,338
Net cash provided by investing activities	<u>59,055</u>	<u>49,993</u>	<u>30,290</u>	<u>139,338</u>
Net increase in cash and investments	(2,462,309)	402,128	562,572	(1,497,609)
Cash and investments - beginning of year	<u>13,785,145</u>	<u>14,636,743</u>	<u>8,425,619</u>	<u>36,847,507</u>
Cash and investments - end of year	<u>\$ 11,322,836</u>	<u>\$ 15,038,871</u>	<u>\$ 8,988,191</u>	<u>\$ 35,349,898</u>
<b>Classified as:</b>				
Current assets	\$ 11,322,836	\$ 14,974,606	\$ 8,828,626	\$ 35,126,068
Restricted assets		64,265	159,565	223,830
Total cash and investments	<u>\$ 11,322,836</u>	<u>\$ 15,038,871</u>	<u>\$ 8,988,191</u>	<u>\$ 35,349,898</u>
<b>Non-cash transactions affecting financial position:</b>				
Change in construction and related related liabilities	\$ 4,986	\$	\$	\$ 4,986
Total non-cash transactions affecting financial position:	<u>\$ 4,986</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,986</u>

**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, 2015**

(continued)

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
Operating income (loss)	\$ (1,666,176)	\$ 346,463	\$ 453,295	\$ (866,418)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:				
Depreciation	330,314	721,711	72,287	1,124,312
Pension expense	(249,806)			(249,806)
Provision for uncollectible accounts	69,918	2,157	534,334	606,409
Changes in assets/liabilities and deferred inflows:				
(Increase) decrease in accounts receivable	196,950	(25,428)	(433,750)	(262,228)
(Increase) decrease in due from other funds	(236,219)	(178,309)	(4,238)	(418,766)
(Increase) decrease in prepaid expense			(23,434)	(23,434)
Increase (decrease) in accounts payable	(172,682)	165,396	2,043	(5,243)
Increase (decrease) in accrued expenses	171,216	(441,166)		(269,950)
Increase (decrease) in deposits		(60)	(87,926)	(87,986)
Increase (decrease) in due to other governments		(9,153)	6,126	(3,027)
Increase (decrease) in due to other funds	8,726	52,981	13,545	75,252
Increase (decrease) in unearned revenues		6,320		6,320
Increase (decrease) in accrued compensated absences	8,487			8,487
Total adjustments	126,904	294,449	78,987	500,340
Net cash provided by (used in) operating activities	<u>\$ (1,539,272)</u>	<u>\$ 640,912</u>	<u>\$ 532,282</u>	<u>\$ (366,078)</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**September 30, 2015**

	Fleet Management Fund	Property Management Fund	Central Services Fund	Risk Insurance Fund	Health Insurance Fund	Communications Fund	Total
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 5,359,692	\$ 4,619,821	\$ 1,376,313	\$ 28,592,074	\$ 8,358,186	\$ 10,958,000	\$ 59,264,086
Cash with fiscal agent				250,000			250,000
Accounts receivable, net	33,801	2,500	1,407	145,106	421,633	9,925	614,372
Due from other funds	12,093	239,294	238	41,821	1,145,118	10,120	1,448,684
Prepaid expenses	3,503	5,674	967	1,556,224	310,742	6,039	1,883,149
Inventories	282,301	105,326	25,097				412,724
Total current assets	<u>5,691,390</u>	<u>4,972,615</u>	<u>1,404,022</u>	<u>30,585,225</u>	<u>10,235,679</u>	<u>10,984,084</u>	<u>63,873,015</u>
Noncurrent assets:							
Capital assets:							
Land	608,520						608,520
Buildings and structures	2,582,551	19,276					2,601,827
Machinery and equipment	34,361,913	3,287,101	108,576	207,066		25,070,654	63,035,310
Construction in progress						16,000	16,000
Less accumulated depreciation	(22,426,291)	(2,818,108)	(88,885)	(207,066)		(22,999,064)	(48,539,414)
Total capital assets (net of accumulated depreciation)	<u>15,126,693</u>	<u>488,269</u>	<u>19,691</u>			<u>2,087,590</u>	<u>17,722,243</u>
Total noncurrent assets	<u>15,126,693</u>	<u>488,269</u>	<u>19,691</u>			<u>2,087,590</u>	<u>17,722,243</u>
Total assets	<u>20,818,083</u>	<u>5,460,884</u>	<u>1,423,713</u>	<u>30,585,225</u>	<u>10,235,679</u>	<u>13,071,674</u>	<u>81,595,258</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Outflows - MBERP	438,955	920,053	89,973	138,224	32,663	1,118,706	2,738,574
Total deferred outflows of resources	<u>438,955</u>	<u>920,053</u>	<u>89,973</u>	<u>138,224</u>	<u>32,663</u>	<u>1,118,706</u>	<u>2,738,574</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	751,611	514,226	26,304	235,856	1,676,284	437,168	3,641,449
Accrued expenses	86,151	48,003	4,600	267,220	547	75,445	481,966
Due to other funds	8,000	11,000	3,000	1,000	70,523	14,000	107,523
Accrued compensated absences	77,689	145,205	20,411	16,112	1,690	244,223	505,330
Loan payable	3,128,014	87,024				280,089	3,495,127
Pending insurance claims				8,250,000			8,250,000
Total current liabilities	<u>4,051,465</u>	<u>805,458</u>	<u>54,315</u>	<u>8,770,188</u>	<u>1,749,044</u>	<u>1,050,925</u>	<u>16,481,395</u>
Noncurrent liabilities:							
Accrued compensated absences	149,661	17,819	25,661	63,734	992	504,318	762,185
Net pension liability - MBERP	2,249,071	3,243,937	449,015	865,512	164,902	5,884,618	12,857,055
Loan payable	8,024,358	165,085				94,352	8,283,795
Pending insurance claims				6,014,000			6,014,000
Insurance claims incurred but not reported				19,165,000	1,010,418		20,175,418
Total noncurrent liabilities	<u>10,423,090</u>	<u>3,426,841</u>	<u>474,676</u>	<u>26,108,246</u>	<u>1,176,312</u>	<u>6,483,288</u>	<u>48,092,453</u>
Total liabilities	<u>14,474,555</u>	<u>4,232,299</u>	<u>528,991</u>	<u>34,878,434</u>	<u>2,925,356</u>	<u>7,534,213</u>	<u>64,573,848</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Inflows - MBERP	154,495	222,836	30,844	59,455	11,328	404,232	883,190
Total deferred inflows of resources	<u>154,495</u>	<u>222,836</u>	<u>30,844</u>	<u>59,455</u>	<u>11,328</u>	<u>404,232</u>	<u>883,190</u>
<b>NET POSITION</b>							
Net investment in capital assets	3,974,321	236,160	19,691			1,713,149	5,943,321
Unrestricted	2,653,667	1,689,642	934,160	(4,214,440)	7,331,658	4,538,786	12,933,473
Total net position	<u>\$ 6,627,988</u>	<u>\$ 1,925,802</u>	<u>\$ 953,851</u>	<u>\$ (4,214,440)</u>	<u>\$ 7,331,658</u>	<u>\$ 6,251,935</u>	<u>\$ 18,876,794</u>

See accompanying independent auditors' report

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 2015**

	<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>
Operating revenues:							
Charges for services	\$ 9,558,006	\$ 8,900,982	\$ 1,245,241	\$ 13,939,175	\$ 28,445,587	\$ 14,346,504	\$ 76,435,495
Miscellaneous	118,913			703,331	613,585		1,435,829
Total operating revenues	<u>9,676,919</u>	<u>8,900,982</u>	<u>1,245,241</u>	<u>14,642,506</u>	<u>29,059,172</u>	<u>14,346,504</u>	<u>77,871,324</u>
Operating expenses:							
Personal services	1,908,553	3,065,314	423,718	604,305	112,902	4,568,476	10,683,268
Operating supplies	2,314,128	23,805	999	11,396		990,661	3,340,989
Contractual services	1,124,706	3,196,120	352,823	2,533,306	791,463	3,599,009	11,597,427
Utilities	63,101	569,839	2,755	841		2,102,809	2,739,345
Internal charges	335,210	523,814	67,949	30,355		408,666	1,365,994
Administrative fees				1,100,000			1,100,000
Depreciation	3,620,336	158,969	1,244			1,258,895	5,039,444
Insurance				2,019,779	7,871,528		9,891,307
Claims and judgements				10,134,316	17,127,245		27,261,561
Other operating	27,145	13,989	42,305	177,135	215,034	77,399	553,007
Total operating expenses	<u>9,393,179</u>	<u>7,551,850</u>	<u>891,793</u>	<u>16,611,433</u>	<u>26,118,172</u>	<u>13,005,915</u>	<u>73,572,342</u>
Operating income (loss)	<u>283,740</u>	<u>1,349,132</u>	<u>353,448</u>	<u>(1,968,927)</u>	<u>2,941,000</u>	<u>1,340,589</u>	<u>4,298,982</u>
Nonoperating revenues (expenses):							
Interest and fiscal charges	(241,355)	(7,823)				(19,920)	(269,098)
Gain (loss) on sale of capital assets	328,517	38,484		7,278			374,279
Interest income	20,660	18,830	5,390	129,658		46,309	220,847
Total nonoperating revenues (expenses)	<u>107,822</u>	<u>49,491</u>	<u>5,390</u>	<u>136,936</u>		<u>26,389</u>	<u>326,028</u>
Income (loss) before contributions and transfers	391,562	1,398,623	358,838	(1,831,991)	2,941,000	1,366,978	4,625,010
Capital contributions	158,683					7,728	166,411
Transfers in	8,874	186				395,000	404,060
Transfers out	(15,019)	(312,706)	(2,000)	(2,000)		(18,000)	(349,725)
Change in net position	<u>544,100</u>	<u>1,086,103</u>	<u>356,838</u>	<u>(1,833,991)</u>	<u>2,941,000</u>	<u>1,751,706</u>	<u>4,845,756</u>
Net position-beginning	8,202,756	3,895,840	1,020,034	(1,565,043)	4,546,014	10,044,177	26,143,778
GASB 68 restatement	(2,118,868)	(3,056,141)	(423,021)	(815,406)	(155,356)	(5,543,948)	(12,112,740)
Net position-beginning, as restated	<u>6,083,888</u>	<u>839,699</u>	<u>597,013</u>	<u>(2,380,449)</u>	<u>4,390,658</u>	<u>4,500,229</u>	<u>14,031,038</u>
Net position-ending	<u>\$ 6,627,988</u>	<u>\$ 1,925,802</u>	<u>\$ 953,851</u>	<u>\$ (4,214,440)</u>	<u>\$ 7,331,658</u>	<u>\$ 6,251,935</u>	<u>\$ 18,876,794</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, 2015

	Fleet Management Fund	Property Maintenance Fund	Central Services Fund	Risk Insurance Fund	Health Insurance Fund	Communications Fund	Totals
Cash flows from operating activities:							
Receipts from users	\$ 9,558,006	\$ 8,906,470	\$ 1,246,662	\$ 13,794,069	\$ 28,375,366	\$ 14,341,361	\$ 76,221,934
Payments to suppliers	(4,489,026)	(3,545,199)	(403,458)	(5,159,102)	(8,533,065)	(6,996,527)	(29,126,377)
Payments to employees	(1,865,947)	(3,114,446)	(413,027)	(586,950)	(139,057)	(4,533,502)	(10,652,929)
Payments on behalf of employees	(154,257)	(509,421)	(33,135)	(28,663)	(11,789)	(373,804)	(1,111,069)
Payments for claims and judgements				(6,386,558)	(17,252,487)		(23,639,045)
Payments for interfund services used	(335,210)	(726,123)	(66,107)	(1,130,355)	570,041	(408,666)	(2,096,420)
Receipts from other operating revenues	100,390	116		703,331	613,585		1,417,422
Net cash provided by (used in) operating activities	<u>2,813,956</u>	<u>1,011,397</u>	<u>330,935</u>	<u>1,205,772</u>	<u>3,622,594</u>	<u>2,028,862</u>	<u>11,013,516</u>
Cash flows for non-capital financing activities:							
Transfers in	8,874	186				395,000	404,060
Transfers out	(15,019)	(312,706)	(2,000)	(2,000)		(18,000)	(349,725)
Net cash provided by (used in) non-capital financing activities	<u>(6,145)</u>	<u>(312,520)</u>	<u>(2,000)</u>	<u>(2,000)</u>		<u>377,000</u>	<u>54,335</u>
Cash flows from capital and related financial activities:							
Proceeds from loan	2,150,173						2,150,173
Principal paid on loan	(3,170,098)	(109,777)				(649,739)	(3,929,614)
Interest and fiscal charges	(243,090)	(7,823)				(24,558)	(275,471)
Purchase of capital assets	(2,606,176)	(100,887)	(20,727)			(704,587)	(3,432,377)
Proceeds from sale of capital assets	353,945	38,484		7,278			399,707
Net cash used in capital and related financial activities	<u>(3,515,246)</u>	<u>(180,003)</u>	<u>(20,727)</u>	<u>7,278</u>		<u>(1,378,884)</u>	<u>(5,087,582)</u>
Cash flows from investing activities:							
Interest on investments	20,660	18,830	5,390	129,658		46,309	220,847
Net cash provided by investing activities	<u>20,660</u>	<u>18,830</u>	<u>5,390</u>	<u>129,658</u>		<u>46,309</u>	<u>220,847</u>
Net increase (decrease) in cash and investments	(686,775)	537,704	313,598	1,340,708	3,622,594	1,073,287	6,201,116
Cash and investments - beginning of year	6,046,467	4,082,117	1,062,715	27,501,366	4,735,592	9,884,713	53,312,970
Cash and investments - end of year	<u>\$ 5,359,692</u>	<u>\$ 4,619,821</u>	<u>\$ 1,376,313</u>	<u>\$ 28,842,074</u>	<u>\$ 8,358,186</u>	<u>\$ 10,958,000</u>	<u>\$ 59,514,086</u>
Classified as:							
Cash and investments-current	<u>\$ 5,359,692</u>	<u>\$ 4,619,821</u>	<u>\$ 1,376,313</u>	<u>\$ 28,842,074</u>	<u>\$ 8,358,186</u>	<u>\$ 10,958,000</u>	<u>\$ 59,514,086</u>
Non-cash transactions affecting financial position:							
Capital contributions of capital assets	\$ 158,683						\$ 158,683
Total Non-cash transactions affecting financial position	<u>\$ 158,683</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 158,683</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, 2015**

(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)	\$ 283,740	\$ 1,349,132	\$ 353,448	\$ (1,968,927)	\$ 2,941,000	\$ 1,340,589	\$ 4,298,982
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	3,620,336	158,969	1,244			1,258,895	5,039,444
Provision for uncollectible accounts		5,488	2,646		7,128		15,262
Pension expense	(154,257)	(509,421)	(33,135)	(28,663)	(11,789)	(373,804)	(1,111,069)
Changes in assets and liabilities:							
(Increase) decrease in inventories	(18,931)	(30,697)	(704)				(50,332)
(Increase) decrease in accounts receivable	(20,326)	116	(1,225)	(145,106)	(77,349)	1,595	(242,295)
(Increase) decrease in due from other funds	1,803	(202,309)	209	9,068	526,128	(1,305)	333,594
Increase in prepaid expense	(3,503)	(5,674)	(967)	(202,296)	(310,742)	(6,039)	(529,221)
Increase (decrease) in accounts payable	(996,872)	283,030	(2,905)	(441,235)	655,702	(220,610)	(722,890)
Increase (decrease) in accrued compensated absences	37,851	(32,743)	10,352	13,564	(25,238)	17,870	21,656
Increase (decrease) in due to other funds	1,067	(3,567)	1,633	(1,050)	43,913	(5,433)	36,563
Increase (decrease) in pending insurance claims				1,127,783			1,127,783
(Decrease) in insurance claims incurred but not reported				2,619,975	(125,242)		2,494,733
Increase (decrease) in accrued expenses	63,048	(927)	339	222,659	(917)	17,104	301,306
Total adjustments	<u>2,530,216</u>	<u>(337,735)</u>	<u>(22,513)</u>	<u>3,174,699</u>	<u>681,594</u>	<u>688,273</u>	<u>6,714,534</u>
Net cash provided by (used in) operating activities	<u>\$ 2,813,956</u>	<u>\$ 1,011,397</u>	<u>\$ 330,935</u>	<u>\$ 1,205,772</u>	<u>\$ 3,622,594</u>	<u>\$ 2,028,862</u>	<u>\$ 11,013,516</u>

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

**September 30, 2015**

	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	\$ 4,526,360	\$ 22,795	\$ 1,524,960	\$ 8,060	\$ 94,752	\$ 6,176,927
Accrued interest receivable	68,249	2,367,546	56,780	21,673		2,514,248
Contribution receivable			43,693	759,728	147,737	951,158
Other receivables	248,021	99,050	6,087			353,158
Prepaid insurance				4,390		4,390
Investments, at fair value:						
Short-term investments		12,821,546		250,962		13,072,508
U.S. Government securities	102,970,038	30,501,825	868,233	314,874		134,654,970
Corporate bonds and notes		208,341,514	5,142,367	2,361,744		215,845,625
Bond Funds	51,862,592					51,862,592
Foreign Bonds		46,295,751		281,829		46,577,580
Common stocks and index funds	206,778,561	373,081,692	6,539,495	3,011,697		589,411,445
Foreign Stocks	73,795,023	25,794,216		290,490		99,879,729
Real estate funds	56,866,879	40,287,637				97,154,516
Mutual funds	10,617,672	11,437,162			24,610,105	46,664,939
Total investments	<u>502,890,765</u>	<u>748,561,343</u>	<u>12,550,095</u>	<u>6,511,596</u>	<u>24,610,105</u>	<u>1,295,123,904</u>
Total assets	<u>507,733,395</u>	<u>751,050,734</u>	<u>14,181,615</u>	<u>7,305,447</u>	<u>24,852,594</u>	<u>1,305,123,785</u>
<b>Liabilities</b>						
Accounts payable		395,095	1,080			396,175
Accrued expenses	148,862	38,141		15,000		202,003
Total liabilities	<u>148,862</u>	<u>433,236</u>	<u>1,080</u>	<u>15,000</u>		<u>598,178</u>
<b>Net Position</b>						
Restricted for pension and OPEB benefits	<u>\$ 507,584,533</u>	<u>\$ 750,617,498</u>	<u>\$ 14,180,535</u>	<u>\$ 7,290,447</u>	<u>\$ 24,852,594</u>	<u>\$ 1,304,525,607</u>

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

For the Fiscal Year Ended September 30, 2015

	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
Additions:						
Contributions -						
Employer	\$ 26,456,580	\$ 33,028,839	\$	\$	\$ 147,041	\$ 59,632,460
Employee	7,310,183	5,944,414				13,254,597
State of Florida		120,549	1,489,176	689,059		2,298,784
	<u>33,766,763</u>	<u>39,093,802</u>	<u>1,489,176</u>	<u>689,059</u>	<u>147,041</u>	<u>75,185,841</u>
Total contributions						
Investment income -						
Net increase (decrease) in fair value of investments	(9,806,578)	(8,170,202)	(58,861)	(50,937)	(997,206)	(19,083,784)
Interest and dividends income	5,433,273	17,319,653	296,159	172,957	1,064,679	24,286,721
	<u>(4,373,305)</u>	<u>9,149,451</u>	<u>237,298</u>	<u>122,020</u>	<u>67,473</u>	<u>5,202,937</u>
Investment management expenses	(675,101)	(3,460,118)	(46,474)	(24,597)		(4,206,290)
	<u>(5,048,406)</u>	<u>5,689,333</u>	<u>190,824</u>	<u>97,423</u>	<u>67,473</u>	<u>996,647</u>
Net investment income/(loss)						
Total additions/(reduction)	<u>28,718,357</u>	<u>44,783,135</u>	<u>1,680,000</u>	<u>786,482</u>	<u>214,514</u>	<u>76,182,488</u>
Deductions:						
Benefits paid	35,874,016	62,600,040	2,233,855	735,398		101,443,309
Contributions refunded	941,310	86,676				1,027,986
Administrative expenses	706,283	777,493	50,329	101,641	123,161	1,758,907
	<u>37,521,609</u>	<u>63,464,209</u>	<u>2,284,184</u>	<u>837,039</u>	<u>123,161</u>	<u>104,230,202</u>
Total deductions						
Net increase/(decrease)	(8,803,252)	(18,681,074)	(604,184)	(50,557)	91,353	(28,047,714)
Net position - amount restricted for pension and OPEB benefits - beginning of year	<u>516,387,785</u>	<u>769,298,572</u>	<u>14,784,719</u>	<u>7,341,004</u>	<u>24,761,241</u>	<u>1,332,573,321</u>
Net position - amount restricted for pension and OPEB benefits - end of year	<u>\$ 507,584,533</u>	<u>750,617,498</u>	<u>14,180,535</u>	<u>7,290,447</u>	<u>24,852,594</u>	<u>1,304,525,607</u>

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

**For the Fiscal Year Ended September 30, 2015**

	September 30, 2014	Additions	Deductions	September 30, 2015
<u>Assets</u>				
Cash and investments	\$ 9,041,350	\$ 84,577,963	\$ 81,245,365	\$ 12,373,948
Accounts receivable	279,429	1,735,294	1,849,414	165,309
<b>Total Assets</b>	<b>\$ 9,320,779</b>	<b>\$ 86,313,257</b>	<b>\$ 83,094,779</b>	<b>\$ 12,539,257</b>
<u>Liabilities</u>				
Accounts payable	\$ 176,168	\$ 64,400,960	\$ 64,298,154	\$ 278,974
Deposits	9,144,611	84,453,874	81,338,202	12,260,283
<b>Total Liabilities</b>	<b>\$ 9,320,779</b>	<b>\$ 148,854,834</b>	<b>\$ 145,636,356</b>	<b>\$ 12,539,257</b>

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

**September 30, 2015**

	Miami Beach Visitor and Convention Authority	Miami Beach Health Facilities Authority	Total
<b>Assets</b>			
Cash and investments	\$ 3,055,214	\$ 69,924	\$ 3,125,138
Prepaid items	13,836		13,836
Accounts receivable	351,176	4,794	355,970
Capital assets, net of accumulated depreciation	<u>162,201</u>		<u>162,201</u>
Total assets	<u>3,582,427</u>	<u>74,718</u>	<u>3,657,145</u>
<b>Deferred Outflows of Resources</b>			
Outflows - MBERP	<u>85,163</u>		<u>85,163</u>
Total deferred outflows of resources	<u>85,163</u>		<u>85,163</u>
<b>Liabilities</b>			
Accrued expenses	<u>297,416</u>		<u>297,416</u>
Total current liabilities	<u>297,416</u>		<u>297,416</u>
Non-current liabilities			
Net pension liability - MBERP	512,291		512,291
Compensated absences	<u>22,940</u>		<u>22,940</u>
Total non-current liabilities	<u>535,231</u>		<u>535,231</u>
Total liabilities	<u>832,647</u>		<u>832,647</u>
<b>Deferred Inflows of Resources</b>			
Inflows - MBERP	<u>35,191</u>		<u>35,191</u>
Total deferred inflows of resources	<u>35,191</u>		<u>35,191</u>
<b>Net Position</b>			
Net investment in capital assets	162,201		162,201
Unrestricted	2,637,551	74,718	2,712,269
Total net position	<u>\$ 2,799,752</u>	<u>\$ 74,718</u>	<u>\$ 2,874,470</u>

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

**For the Fiscal Year Ended September 30, 2015**

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Totals</u>
		<u>Operating Grants and Contributions</u>	<u>Visitor and Convention Authority</u>	<u>Health Facilities Authority</u>	
<b>Miami Beach Visitor and Convention Authority</b>					
Cultural - grant program	\$ 609,904	\$	\$ (609,904)	\$	\$ (609,904)
General administrative	1,728,264	40,514	(1,687,750)		(1,687,750)
Total Miami Beach Visitor and Convention Authority	<u>2,338,168</u>	<u>40,514</u>	<u>(2,297,654)</u>		<u>(2,297,654)</u>
<b>Miami Beach Health Facilities Authority</b>					
General administrative	<u>295</u>			<u>(295)</u>	<u>(295)</u>
Total component units	<u>\$ 2,338,463</u>	<u>\$ 40,514</u>			<u>(2,297,949)</u>
General revenues:					
Resort tax allocation			2,640,555		2,640,555
Financing fees					0
Interest			<u>4,615</u>	<u>13</u>	<u>4,628</u>
Total general revenues			<u>2,645,170</u>	<u>13</u>	<u>2,645,183</u>
Change in net position			<u>347,516</u>	<u>(282)</u>	<u>347,234</u>
Net position - beginning			2,946,249	75,000	3,021,249
Prior period adjustment - GASB 68			<u>(494,013)</u>		<u>(494,013)</u>
Net position - beginning as restated			<u>2,452,236</u>	<u>75,000</u>	<u>2,527,236</u>
Net position - ending			<u>\$ 2,799,752</u>	<u>\$ 74,718</u>	<u>\$ 2,874,470</u>

MIAMIBEACH

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# **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 POSITION BY COMPONENT,**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting - Unaudited)*

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 191,314,123	\$ 228,227,002	\$ 286,954,685	\$ 340,034,409	\$ 375,968,328	\$ 400,586,856	\$ 428,246,552	\$ 429,859,674	\$ 429,989,670	\$ 491,485,745
Restricted	96,933,608	93,796,180	142,367,431	232,738,568	99,434,540	66,049,987	108,516,557	129,615,957	146,377,701	172,033,018
Unrestricted	54,787,021	103,833,704	84,668,344	2,239,393	126,677,221	136,255,477	118,779,886	131,579,116	160,427,999	(175,574,362)
Total net position for governmental activities	<u>343,034,752</u>	<u>425,856,886</u>	<u>513,990,460</u>	<u>575,012,370</u>	<u>602,080,089</u>	<u>602,892,320</u>	<u>655,542,995</u>	<u>691,054,747</u>	<u>736,795,370</u>	<u>487,944,401</u>
Business-type activities										
Net investment in capital assets	249,458,274	261,687,666	239,922,397	320,033,874	346,807,794	381,291,750	375,703,323	382,255,186	343,218,833	410,865,702
Restricted	28,977,432	28,894,110	21,887,662	18,984,310	41,033,514	36,061,707	41,491,319	40,085,381	88,568,103	48,205,531
Unrestricted	112,344,279	122,077,059	167,223,594	122,454,301	114,224,652	124,563,510	146,511,507	161,059,156	168,294,644	135,968,387
Total net position for business-type activities	<u>390,779,985</u>	<u>412,658,835</u>	<u>429,033,653</u>	<u>461,472,485</u>	<u>502,065,960</u>	<u>541,916,967</u>	<u>563,706,149</u>	<u>583,399,723</u>	<u>600,081,580</u>	<u>595,039,620</u>
Primary government										
Net investment in capital assets	440,772,397	489,914,668	526,877,082	660,068,283	722,776,122	781,878,606	803,949,875	812,114,860	773,208,503	902,351,447
Restricted	125,911,040	122,690,290	164,255,093	251,722,878	140,468,054	102,111,694	150,007,876	169,701,338	234,945,804	220,238,549
Unrestricted	167,131,300	225,910,763	251,891,938	124,693,694	240,901,873	260,818,987	265,291,393	292,638,272	328,722,643	(39,605,975)
Total net position for primary government	<u>\$ 733,814,737</u>	<u>\$ 838,515,721</u>	<u>\$ 943,024,113</u>	<u>\$ 1,036,484,855</u>	<u>\$ 1,104,146,049</u>	<u>\$ 1,144,809,287</u>	<u>\$ 1,219,249,144</u>	<u>\$ 1,274,454,470</u>	<u>\$ 1,336,876,950</u>	<u>\$ 1,082,984,021</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 43,639,010	\$ 48,188,199	\$ 44,608,072	\$ 44,331,119	\$ 44,772,492	\$ 47,705,535	\$ 41,088,006	\$ 45,986,648	\$ 43,365,675	\$ 47,397,904
Public safety	121,678,913	133,068,393	149,953,945	155,153,733	164,903,020	176,946,485	175,282,705	188,420,690	197,239,550	192,976,434
Physical environment	4,088,447	2,418,815	1,684,934	2,237,314	2,654,793	2,883,878	2,412,040	2,739,664	3,168,494	4,198,730
Transportation	693,673	10,187,046	9,733,789	8,927,038	10,229,616	10,639,329	16,084,458	11,842,989	14,386,802	17,448,894
Economic environment	232,748	22,006,137	4,293,175	3,934,183	12,569,809	20,504,954	4,406,521	4,537,985	4,876,697	5,611,831
Human services	1,839,731	1,438,987	1,721,151	1,606,517	1,714,419	1,462,354	2,218,460	2,138,763	2,212,540	2,783,057
Culture and recreation	40,288,229	38,301,266	39,430,360	41,569,779	42,088,492	43,241,187	43,713,126	49,424,532	53,476,429	59,368,604
Interest on long-term debt	12,991,581	13,570,730	12,476,916	11,767,919	11,294,742	10,571,366	9,739,449	9,467,996	8,819,846	8,242,353
Total governmental activities expenses	<u>225,452,332</u>	<u>269,179,573</u>	<u>263,902,342</u>	<u>269,527,602</u>	<u>290,227,383</u>	<u>313,955,088</u>	<u>294,944,765</u>	<u>314,559,267</u>	<u>327,546,033</u>	<u>338,027,807</u>
Business-type activities:										
Stormwater	4,353,932	5,421,124	4,980,583	3,755,854	4,116,313	4,831,699	6,713,885	7,651,595	7,876,993	10,418,758
Water	20,974,282	21,124,609	20,930,577	23,467,862	26,677,078	28,376,149	27,124,273	28,797,909	28,965,261	29,255,282
Sewer	23,747,056	25,818,687	26,619,914	25,425,037	28,895,679	29,548,149	28,205,784	31,186,853	31,373,772	35,733,735
Parking	20,378,613	22,826,900	24,612,370	25,141,478	26,903,927	28,674,475	28,773,051	33,137,387	37,071,518	38,123,221
Convention Center	18,139,037	18,365,554	17,788,549	14,743,596	13,520,338	14,270,835	17,666,204	17,153,279	17,417,988	16,190,590
Other	17,005,334	14,324,409	15,860,607	15,784,821	19,138,483	19,079,420	19,688,052	20,029,662	20,132,046	21,516,603
Total business-type activities expenses	<u>104,598,254</u>	<u>107,881,283</u>	<u>110,792,600</u>	<u>108,318,648</u>	<u>119,251,818</u>	<u>124,780,727</u>	<u>128,171,249</u>	<u>137,956,685</u>	<u>142,837,578</u>	<u>151,238,189</u>
Total primary government expenses	<u>\$ 330,050,586</u>	<u>\$ 377,060,856</u>	<u>\$ 374,694,942</u>	<u>\$ 377,846,250</u>	<u>\$ 409,479,201</u>	<u>\$ 438,735,815</u>	<u>\$ 423,116,014</u>	<u>\$ 452,515,952</u>	<u>\$ 470,383,611</u>	<u>\$ 489,265,996</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 19,464,495	\$ 30,405,003	\$ 30,588,011	\$ 47,607,219	\$ 43,225,083	\$ 50,693,412	\$ 55,699,107	\$ 67,605,958	\$ 72,088,018	\$ 75,232,828
Public safety	20,452,808	20,074,100	23,485,245	5,668,803	5,707,217	2,403,350	7,934,329	8,146,390	8,101,151	9,073,918
Culture and recreation	5,581,803	5,849,885	5,837,885	6,513,589	6,852,311	10,969,329	7,284,999	7,708,231	8,120,209	8,497,903
Other	65,111	55,028	34,470	20,305	16,040	14,470	17,745	29,211	42,993	1,723,853
Operating grants and contributions	45,361,039	40,520,024	25,591,885	18,890,498	30,959,673	27,185,554	25,061,223	19,528,573	19,206,319	27,376,359
Capital grants and contributions	2,464,239	1,883,176	14,732,625	4,766,094	8,313,962	4,400,711	4,899,293	3,449,389	3,937,362	13,830,485
Total governmental activities program revenue	<u>93,389,495</u>	<u>98,787,216</u>	<u>100,270,121</u>	<u>83,466,508</u>	<u>95,074,286</u>	<u>95,666,826</u>	<u>100,896,696</u>	<u>106,467,752</u>	<u>111,496,052</u>	<u>135,735,346</u>
Business-type activities:										
Charges for services:										
Stormwater	7,415,170	7,357,399	7,109,411	9,671,731	11,212,773	11,683,524	11,612,237	11,671,714	11,715,299	21,258,353
Water	20,131,642	21,653,555	23,080,564	30,141,576	32,941,405	33,303,263	33,172,990	32,788,878	33,403,046	33,870,737
Sewer	27,492,458	25,816,726	28,953,077	32,906,403	35,786,811	35,248,733	35,091,105	35,408,042	36,737,566	42,169,257
Parking	22,118,981	25,063,379	25,626,973	28,267,558	30,014,763	34,876,171	38,185,494	40,302,744	40,049,313	42,672,887
Convention Center	9,486,466	10,167,750	9,044,165	6,884,276	6,898,642	6,376,573	9,969,719	9,494,760	8,302,873	17,147,941
Other	7,465,516	7,956,217	10,038,593	10,758,578	9,787,677	10,588,118	15,046,388	17,467,720	20,820,772	20,486,111
Operating grants and contributions	18,749,928	18,517,953	14,833,004	13,360,122	13,882,449	13,944,300	10,659,421	10,025,165	10,622,366	12,000,851
Total business-type activities program revenue	<u>112,860,161</u>	<u>116,532,979</u>	<u>118,685,787</u>	<u>131,990,244</u>	<u>140,524,520</u>	<u>146,020,682</u>	<u>153,737,354</u>	<u>157,160,023</u>	<u>161,651,235</u>	<u>189,606,137</u>
Total primary government program revenue	<u>\$ 206,249,656</u>	<u>\$ 215,320,195</u>	<u>\$ 218,955,908</u>	<u>\$ 215,456,752</u>	<u>\$ 235,598,806</u>	<u>\$ 241,687,508</u>	<u>\$ 254,634,050</u>	<u>\$ 263,627,775</u>	<u>\$ 273,147,287</u>	<u>\$ 325,341,483</u>

Continued.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (132,062,837)	\$ (170,392,357)	\$ (163,632,221)	\$ (186,061,094)	\$ (195,153,097)	\$ (218,288,262)	\$ (194,048,069)	\$ (208,091,515)	\$ (216,049,981)	\$ (202,292,461)
Business-type activities	8,261,907	8,651,696	7,893,187	23,671,596	21,272,702	21,239,955	25,566,105	19,203,338	18,813,657	38,367,948
Total primary government net expense	<u>\$ (123,800,930)</u>	<u>\$ (161,740,661)</u>	<u>\$ (155,739,034)</u>	<u>\$ (162,389,498)</u>	<u>\$ (173,880,395)</u>	<u>\$ (197,048,307)</u>	<u>\$ (168,481,964)</u>	<u>\$ (188,888,177)</u>	<u>\$ (197,236,324)</u>	<u>\$ (163,924,513)</u>
<b>General Revenues and Other Changes in net position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 120,679,428	\$ 145,594,729	\$ 131,585,285	\$ 133,505,827	\$ 119,990,444	\$ 113,448,485	\$ 116,004,442	\$ 117,163,758	\$ 121,595,988	\$ 133,099,279
Resort taxes	34,265,010	36,595,885	38,100,260	37,412,291	42,394,976	48,773,891	53,920,167	58,617,992	61,760,518	67,999,916
Tax increment	24,934,704	34,521,406	48,964,692	47,655,082	44,012,804	46,145,257	42,411,382	43,297,433	49,962,380	38,094,108
Utility taxes	12,998,955	13,098,395	13,785,849	9,225,871	9,975,273	10,209,678	10,293,270	11,391,955	12,364,114	12,192,935
Communication service				7,196,266	6,328,924	5,859,093	5,443,905	4,583,368	4,678,905	4,519,938
Local business tax	9,258,301	3,662,796	3,341,802	3,684,320	4,298,739	4,242,891	4,404,357	4,411,851	4,493,950	4,629,996
Miscellaneous	169,664	118,640	1,304,665	894,995	6,653,210	618,470	883,457	982,771	1,154,512	1,437,032
Unrealized loss on investments								(5,241,121)		
Unrestricted investment earnings	13,696,366	22,674,807	14,715,094	10,899,704	3,102,439	3,288,360	4,749,664	3,494,199	3,088,992	5,264,909
Gain or (loss) on disposal of capital assets		257,928	220,559	28,837	89,522	264,801	259,635	491,394	200,295	387,671
Transfers	(654,166)	(3,310,095)	(252,411)	(3,420,189)	(14,625,515)	(13,750,433)	8,328,465	4,409,667	4,663,756	9,763,889
Total governmental activities	<u>215,348,262</u>	<u>263,214,491</u>	<u>251,765,795</u>	<u>247,083,004</u>	<u>222,220,816</u>	<u>219,100,493</u>	<u>246,698,744</u>	<u>243,603,267</u>	<u>263,963,410</u>	<u>277,389,673</u>
Business-type activities:										
Tax increment			2,357,697	2,405,168	2,619,643	3,071,141	3,046,200	3,671,000	3,671,000	
Unrealized gain on investments								(178,004)	(12,388)	297,864
Unrestricted investment earnings	6,403,497	9,930,008	5,871,523	2,941,879	2,083,080	1,714,113	1,391,120	1,333,480	1,114,406	777,943
Gain (Loss) on disposal of capital assets		(12,949)			(7,465)	75,365	114,222	73,427	107,809	170,013
Transfers	654,166	3,310,095	252,411	3,420,189	14,625,515	13,750,433	(8,328,465)	(4,409,667)	(4,663,756)	(9,763,889)
Total; business-type activities	<u>7,057,663</u>	<u>13,227,154</u>	<u>8,481,631</u>	<u>8,767,236</u>	<u>19,320,773</u>	<u>18,611,052</u>	<u>(3,776,923)</u>	<u>490,236</u>	<u>217,071</u>	<u>(8,518,069)</u>
Total primary government	<u>\$ 222,405,925</u>	<u>\$ 266,441,645</u>	<u>\$ 260,247,426</u>	<u>\$ 255,850,240</u>	<u>\$ 241,541,589</u>	<u>\$ 237,711,545</u>	<u>\$ 242,921,821</u>	<u>\$ 244,093,503</u>	<u>\$ 264,180,481</u>	<u>\$ 268,871,604</u>
<b>Change in net position</b>										
Governmental activities	\$ 83,285,425	\$ 82,822,134	\$ 88,133,574	\$ 61,021,910	\$ 27,067,719	\$ 812,231	\$ 52,650,675	\$ 35,511,752	\$ 47,913,429	\$ 75,097,212
Business-type activities	15,319,570	21,878,850	16,374,818	32,438,832	40,593,475	39,851,007	21,789,182	19,693,574	19,030,728	29,849,879
Total primary government	<u>\$ 98,604,995</u>	<u>\$ 104,700,984</u>	<u>\$ 104,508,392</u>	<u>\$ 93,460,742</u>	<u>\$ 67,661,194</u>	<u>\$ 40,663,238</u>	<u>\$ 74,439,857</u>	<u>\$ 55,205,326</u>	<u>\$ 66,944,157</u>	<u>\$ 104,947,091</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 1,128,937	\$ 1,736,059	\$ 1,845,391	\$	\$	\$	\$	\$	\$	\$
Unreserved	36,688,832	42,406,855	44,645,724							
Nonspendable				164,846		78,020	10,558	332		19,765
Restricted				6,200,000	4,653,291	4,653,291	5,188,291	7,289,291	4,752,809	8,328,543
Committed				39,821,254	272,922	272,922	3,915,257	3,048,458	29,505,725	48,151,901
Assigned				4,499,003	44,452,200	47,865,087	47,506,132	43,800,099	16,244,357	2,790,000
Unassigned				4,385,813	6,053,327	2,906,247	4,232,166			
Total general fund	<u>\$ 37,817,769</u>	<u>\$ 44,142,914</u>	<u>\$ 46,491,115</u>	<u>\$ 55,070,916</u>	<u>\$ 55,158,818</u>	<u>\$ 55,775,567</u>	<u>\$ 60,852,404</u>	<u>\$ 54,138,180</u>	<u>\$ 50,502,891</u>	<u>\$ 59,290,209</u>
All Other Governmental Funds										
Reserved	\$ 32,287,596	\$ 59,563,178	\$ 55,922,849	\$	\$	\$	\$	\$	\$	\$
Unreserved, reported in:										
Special revenue funds	79,958,508	76,668,102	61,423,282							
Capital projects fund	138,518,580	143,690,512	170,639,551							
Nonspendable				4,490	4,489	4,490	4,490	4,490		19,765
Restricted				219,624,064	226,066,215	219,902,708	231,046,613	250,022,626	266,604,162	286,952,176
Committed				50,557,449	45,904,634	42,625,948	39,723,193	39,141,545	43,288,503	86,602,466
Assigned				49,918	69,221	53,020	42,116	165,534	752,927	2,791,000
Unassigned					(3,540,285)	(2,445,745)	(4,596,490)	(4,537,581)	(2,360,199)	(1,675,799)
Total all other governmental funds	<u>\$ 250,764,684</u>	<u>\$ 279,921,792</u>	<u>\$ 287,985,682</u>	<u>\$ 270,235,921</u>	<u>\$ 268,504,274</u>	<u>\$ 260,140,421</u>	<u>\$ 266,219,922</u>	<u>\$ 284,796,614</u>	<u>\$ 308,285,393</u>	<u>\$ 374,689,608</u>

**Note:** The City implemented Government Accounting Standards Board (GASB) 54, Fund Balance Reporting and Governmental Fund Type Definitions 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,

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 197,067,924	\$ 239,203,139	\$ 240,892,131	\$ 240,019,580	\$ 233,363,354	\$ 238,204,970	\$ 240,478,321	\$ 246,332,649	\$ 261,527,060	\$ 269,294,092
Franchise fees	9,258,301	10,138,123	10,259,817	9,265,529	8,456,962	8,005,556	9,261,120	7,775,685	8,206,099	8,361,063
Permits	16,048,780	16,039,898	15,753,552	15,761,752	10,746,531	12,649,435	15,825,051	17,897,983	19,638,114	23,123,876
Intergovernmental	41,093,126	31,958,565	27,649,446	17,446,057	30,551,634	21,083,904	20,726,490	17,468,596	17,290,372	18,169,906
Charges for services	7,476,404	8,172,727	10,927,789	12,292,964	12,647,769	13,453,404	15,793,374	16,547,096	21,520,543	23,191,434
Rents & leases	3,190,274	3,985,054	4,380,278	4,909,618	4,856,424	5,611,215	6,154,965	6,821,959	6,801,937	7,134,082
Interest	13,272,632	21,775,230	13,935,715	10,207,446	2,611,739	2,924,400	4,471,754	3,266,782	2,857,175	5,044,062
Fines and forfeitures	2,677,439	1,937,689	3,236,217	2,627,410	3,419,409	3,090,229	3,391,565	3,276,222	3,143,282	2,690,178
Administrative fees	8,426,624	8,507,845	8,407,423	8,407,571	8,827,372	14,830,787	15,018,027	15,595,882	14,446,790	15,027,026
Special assessment	991,014	838,519	918,633	767,239	741,796	748,128	697,000	737,063	647,145	282,647
Impact fees	2,759,185	6,065,876	5,746,024	1,448,689	1,211,002	1,897,593	5,319,311	2,340,350	4,439,358	10,377,988
Other revenues	5,369,991	5,598,263	6,813,440	6,178,008	8,052,435	9,043,926	4,090,875	3,938,918	2,881,720	4,145,958
<b>Total revenues</b>	<b>307,631,694</b>	<b>354,220,928</b>	<b>348,920,465</b>	<b>329,331,763</b>	<b>325,486,427</b>	<b>331,543,547</b>	<b>341,227,853</b>	<b>341,999,185</b>	<b>363,399,595</b>	<b>386,842,312</b>
<b>Expenditures</b>										
General government	40,892,104	45,043,039	41,599,216	41,509,515	40,436,067	54,260,197	44,345,488	43,932,077	44,948,607	48,528,841
Public safety	119,027,153	130,158,943	145,980,228	147,543,192	153,278,244	163,631,354	169,615,823	178,483,658	184,316,059	190,560,357
Physical environment	2,936,530	2,420,347	1,650,073	2,156,520	2,435,047	2,618,574	2,134,541	2,414,724	2,765,742	3,822,556
Transportation	5,029,124	6,109,025	6,952,067	5,503,295	6,236,431	4,712,854	5,489,882	5,083,060	5,944,005	9,120,845
Economic environment	4,963,596	22,741,500	4,891,342	4,487,831	13,103,994	6,725,993	5,536,866	5,480,964	4,528,992	5,287,707
Human services	1,853,781	1,435,428	1,694,566	1,573,533	1,673,702	1,441,069	2,216,627	2,103,404	2,222,204	2,892,116
Culture and recreation	37,984,917	36,137,323	37,279,978	38,647,808	38,637,014	39,142,720	41,056,256	42,468,693	45,973,463	52,123,363
Capital Outlay	24,312,333	39,871,622	72,996,719	72,042,408	55,060,144	47,432,227	38,137,968	25,145,843	33,489,057	44,556,879
Debt service										
Principal	13,883,995	12,342,289	12,381,548	12,623,520	15,227,706	12,829,124	13,920,633	15,632,156	15,719,650	16,781,013
Interest	12,314,686	13,371,990	12,314,392	11,734,519	11,077,047	10,462,092	9,863,906	14,567,063	8,706,129	8,066,696
<b>Total expenditures</b>	<b>263,198,219</b>	<b>309,631,506</b>	<b>337,740,129</b>	<b>337,822,141</b>	<b>337,165,396</b>	<b>343,256,204</b>	<b>332,317,990</b>	<b>335,311,642</b>	<b>348,613,908</b>	<b>381,740,373</b>
Excess of revenue over (under) expenditures	44,433,475	44,589,422	11,180,336	(8,490,378)	(11,678,969)	(11,712,657)	8,909,863	6,687,543	14,785,687	5,101,939
<b>Other Financing Sources (Uses)</b>										
Refunding Bonds Issued							34,840,000			
Premium on refunding bonds issued							3,117,141			
Payment to escrow agent							(37,957,141)			
Transfer to escrow agent		(3,060,000)								
Proceeds from loan					13,279,659					313,000
Sale of assets	34,183	24,592	12,127	5,421	4,478	14,592	34,321	30,478	20,850	13,392
Proceeds from sale of land and building										
Transfers in	142,081,583	120,015,032	97,778,854	80,562,562	71,821,958	64,082,002	91,924,389	87,275,289	101,957,775	80,751,364
Transfers out	(144,440,066)	(126,086,793)	(98,559,226)	(81,247,765)	(75,070,671)	(60,131,041)	(89,712,235)	(82,130,842)	(96,910,822)	(70,278,371)
<b>Total other financing sources (uses)</b>	<b>(2,324,300)</b>	<b>(9,107,169)</b>	<b>(768,245)</b>	<b>(679,782)</b>	<b>10,035,424</b>	<b>3,965,553</b>	<b>2,246,475</b>	<b>5,174,925</b>	<b>5,067,803</b>	<b>10,799,385</b>
<b>Net change in fund balances</b>	<b>\$ 42,109,175</b>	<b>\$ 35,482,253</b>	<b>\$ 10,412,091</b>	<b>\$ (9,170,160)</b>	<b>\$ (1,643,545)</b>	<b>\$ (7,747,104)</b>	<b>\$ 11,156,338</b>	<b>\$ 11,862,468</b>	<b>\$ 19,853,490</b>	<b>\$ 15,901,324</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>10.97%</b>	<b>9.53%</b>	<b>9.33%</b>	<b>9.16%</b>	<b>9.32%</b>	<b>7.87%</b>	<b>8.09%</b>	<b>9.74%</b>	<b>7.75%</b>	<b>7.37%</b>

**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,	Real Property					Value of Taxable Property	Exemptions			Total Taxable Assessed Value	Total Direct Tax Rate <sup>D</sup>
	Residential Property	Commercial Property	Industrial Property	Other Property	Real property- Amendment 10 Excluded Value <sup>C</sup>		Less: Tax-Exempt Property	Other Adjustments to Just Value			
2006	\$ 17,465,682	\$ 4,337,034	\$ 51,091	\$ 2,508,681	\$ 24,362,488	\$	\$ 1,764,463	\$	\$ 22,598,025	8.0730	
2007	21,045,428	4,779,204	52,250	2,767,838	28,644,720		2,000,993		26,643,727	7.6730	
2008	21,027,850	5,290,322	51,426	2,795,713	29,165,311		2,008,285		27,157,026	5.8970	
2009	18,911,637	5,265,399	51,025	2,528,317	26,756,378		1,703,041		25,053,337	5.8930	
2010	16,794,033	5,735,610	35,601	1,512,322	24,077,566		1,668,428		22,409,138	5.9123	
2011 <sup>B</sup>	18,228,553	5,551,314	48,983	2,599,899	26,428,749	1,651,400	2,624,675	47,932	22,104,742	6.5025	
2012	18,370,666	5,909,382	48,770	2,643,427	26,972,245	1,740,330	2,614,791	638,834	21,978,290	6.4539	
2013	20,334,542	6,246,840	38,810	2,713,143	29,333,335	2,311,720	2,615,045	1,334,248	23,072,322	6.3477	
2014	22,262,896	6,870,554	34,051	2,776,696	31,944,197	2,787,123	2,507,009	1,993,488	24,656,577	6.1163	
2015	26,372,550	7,457,822	31,671	3,004,039	36,866,082	3,888,518	2,478,873	3,394,820	27,103,871	6.0237	

Source: 2014 Tax Roll for Miami-Dade County

Note: Increases in assessed value for homesteaded property is limited to 3% per year or CPI whichever is less and for non-homesteaded property the increase is limited to 10% per year.

Note: Exemptions for real property include: \$25,000 homestead exemption; an additional \$25,000 homestead exemption (excluding School Board taxees) starting in FY 2009; widows/widowers exemption; governmental exemption; disability/blind age 65 and older exemption ; institutional exemption; economic development exemption and other exemptions as allowed by law.

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

<sup>B</sup> Total actual and assessed values are estimates based on the First Certified 2011 Tax Roll made available on July 1, 2012 , prior to any adjustments processed by the Value Adjustment Board.

<sup>C</sup> Amendment 10 was an amendment to the Florida Constitution in 1992 which capped the assessed value of properties with homestead exemption to increases of 3% per year or the Consumer Price Index, whichever is less (193,155, F.S.), no data available for fiscal years 2002 through 2010.

<sup>D</sup> Total direct rate includes 5.7942 mills for operating, 0.1083 mills for capital renewal and replacement and 0.2295 mills for debt service.

**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	
2006	7.4810	0.5920	8.0730	8.4380	7.0348	0.7355	24.2813
2007	7.3740	0.2990	7.6730	8.1050	6.8080	0.7355	23.3215
2008	5.6555	0.2415	5.8970	7.9480	5.6711	0.6585	20.1746
2009	5.6555	0.2375	5.8930	7.7970	5.9263	0.6585	20.2748
2010	5.6555	0.2568	5.9123	7.9950	6.0050	0.6590	20.5713
2011	6.2155	0.2870	6.5025	8.2490	6.6565	0.6585	22.0665
2012	6.1655	0.2884	6.4539	8.0050	5.7695	0.4708	20.6992
2013	6.0909	0.2568	6.3477	7.9980	5.6610	0.4634	20.4701
2014	5.8634	0.2529	6.1163	7.9770	5.7980	0.4455	20.3368
2015	5.7942	0.2295	6.0237	7.9740	5.9009	0.4187	20.3173

**Source:** Miami-Dade County, Florida; Department of Property Appraisal  
2014 Millage Table and The City of Miami Beach 2014/2015  
Adopted Budget Book.

**State Legislated Operating millage Requirements**

Pursuant to recently enacted State legislation, the City may elect to approve millage rates above the roll-back rate up to the constitutional cap of 10 mills subject to the following votes by the Commission or referendum:

Option I: A majority of the Commission Millage is required to approve a millage up to 8.1906 (equivalent to 100.55% of prior year maximum as valorem proceeds allowed by a majority vote, net of the impact of the Tax Increment Districts). The adjustment of 100.55% reflects the statewide per capita personal income increase for the prior year.

Option II: A row-thirds approval (5 of 7 votes) of the Commission is required to approve a millage up to 9.0097 (equivalent to a 10% increase in the ad valorem revenues above Option I).

Option III: A unanimous approval of the Commission or referendum is required to approve a millage above 9.0097 up to the 10 mill cap.

<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

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

2015			2006		
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
Fountainbleau Florida Hotel LLC	\$ 354,525,328	1.31 %	Loews Miami Beach Hotel	\$ 143,400,000	0.82 %
MB Redevelopment INC/Lowes Hotel	213,000,000	0.79	Morton Towers	110,675,000	0.63
2201 Collins Fee LLC	200,174,671	0.74	Fontainbleau	104,449,118	0.60
Florida Power & Light Company	181,359,703	0.67	Sandy Lane Residential LLC	72,230,700	0.41
Di Lido Beach Hotel Corp	114,000,000	0.42	DiLido Beach Hotel Corp.	61,900,000	0.35
Eden Roc LLP	104,060,000	0.38	Eden Roc Acquisition LP	49,500,000	0.28
MCZ/ Centrum Flamingo II LLC	100,590,000	0.37	Shore Club	48,500,000	0.28
VCP Lincoln Road LLC	98,000,000	0.36	Morton Towers Expansion	48,325,000	0.28
Miami Beach Resort Owner LLC	93,758,512	0.35	South Gate Apartments	48,000,000	0.28
MCZ/ Centrum Flamingo III LLC	83,900,000	0.31	2201 Collins Fee LLC	44,583,667	0.26
	<u>\$ 1,543,368,214</u>	<u>5.70 %</u>		<u>\$ 731,563,485</u>	<u>4.19 %</u>

**Source:** 2014 and 2005 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 2006 THRU 2015**

Fiscal Year Ended September 30,	Taxes levied for the fiscal year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 135,910,285	132,487,342 (A)	97.48 %	1,814,064	134,301,406	98.82
2007	165,759,439	163,120,484	98.41	2,145,835	165,266,319	99.70
2008	150,418,073	145,433,238	96.69	4,646,716	150,079,954	99.78
2009	150,588,328	144,321,499	95.84	4,633,049	148,954,548	98.92
2010	138,703,567	131,355,903	94.70	3,550,990	134,906,893	97.26
2011	136,549,286	128,719,932	94.27	290,254	129,010,186	94.48
2012	134,753,401	129,572,373	96.16	125,152	129,697,525	96.25
2013	139,133,369	134,848,787	96.92	3,403,910	138,252,697	99.37
2014	143,266,670	141,551,552	98.80		141,551,552	98.80
2015	155,102,311	155,004,712	99.94		155,004,712	99.94

**Sources:** Millage and taxable value table, the City of Miami Beach adopted budget book, Miami-Dade County real estate delinquent tax system and the City of Miami Beach finance department.

**Note:** 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.

<sup>A</sup> For the City of Miami Beach, the period for which levied coincides with the fiscal year.

<sup>B</sup> Data not available at this time.

**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 <sup>H</sup>	Pension Obligation Bonds	Redevelopment Agency Tax Increment Revenue Bonds	Loans Payable <sup>A</sup>	Other Obligations	Total Governmental Activities	
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	
2010	70,985		22,243		40,055	79,485	8,949	15,435 <sup>G</sup>	237,152	
2011	68,280		19,739		37,095	75,035	9,438	15,225	224,812	
2012	64,045		17,128		33,995	70,375	11,815	14,780	212,138	
2013	61,745		14,386		30,550	66,058	12,374	13,551	198,664	
2014	59,338		11,510		26,935	60,365	13,558	12,882	184,588	
2015	55,419 <sup>L</sup>		8,484		23,160	55,367 <sup>M</sup>	11,779	11,801	166,010	

Business-type activities					Total			
Fiscal Year	Storm Water Revenue Bonds	Water and Sewer Revenue Bonds	Parking Revenue Bonds/Loan	Loan Payable <sup>A</sup>	Total Business Activities	Total Primary Government	Percentage of Personal Income	Per Capita
2006	\$ 47,076	\$ 113,839 <sup>E</sup>	\$ 29,132	\$ 495	\$ 190,542	\$ 473,058	15.79 %	5.05755
2007	46,130	110,610	27,769	345	184,854	449,680	14.48 %	4.88013
2008	45,075	107,154	26,241	1,035	179,505	436,347	12.90 %	4.65581
2009	43,970	103,439	24,639	1,133	173,181	412,754	12.23 %	4.38913
2010	42,645	129,437 <sup>J</sup>	22,960	1,220	196,262	433,414	12.84 %	4.66875
2011	42,700	125,557	45,966 <sup>K</sup>	1,670	215,893	440,705	13.62 %	5.02062
2012	94,646 <sup>I</sup>	121,507	44,040	2,025	262,218	474,356	13.55 %	5.26495
2013	93,108	117,272	42,059	1,793	254,232	452,896	11.85 %	4.98621
2014	92,487	114,492	40,686	1,271	248,936	433,524	11.99 %	4.78476
2015	190,545	109,569	38,476	1,143	339,733	505,743	13.24 %	5.54597

**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 See page 143 for population information

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

G New equipment lease began in fiscal year 2010

H The 1994 Sunshine State VRDS bonds were paid off in fiscal year 2010

I New debt issued in fiscal year 2012

J New debt issued in fiscal year 2010

K New debt issued in fiscal year 2011

L Net of premium and discount

M Net of premium and discount totaling \$377,342

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

Fiscal Year	Net Bonded Debt							Fund Balance Reduction <sup>D</sup>	Grand Total	Percentage of Actual Taxable Value of Property	Per Capita <sup>B</sup>
	General Obligation Bonds	Redevelopment Bonds	Gulf Breeze Fixed Rate Bonds	Pension Refunding Bonds	Sunshine State VRDS <sup>A</sup>	Total					
2006	\$ 80,217	\$ 88,176	\$ 31,288	\$ 50,650	\$ 4,311	\$ 254,642	\$	\$	1.46 %	2.7224	
2007	77,596	84,401	29,003	48,175	3,822	242,997			1.07	2.6371	
2008	75,105	81,355	26,713	45,590	3,334	232,097			0.86	2.4765	
2009	72,702	77,280	24,163	42,885	2,930	219,960			0.82	2.3390	
2010	70,196	72,939	21,587	40,055		204,777			0.83	2.2059	
2011	67,579	68,474	18,601	37,095		191,749			0.87	2.1845	
2012	62,491	63,603	15,499	33,995		175,588			0.80	1.9489	
2013	59,692	58,592	12,583	30,550		161,417			0.70	1.7768	
2014	56,519	53,336	9,455	26,935		146,245			0.59	1.6066	
2015 <sup>C</sup>	55,419	55,367	8,484	23,160		142,430	(9,689)	132,741	0.53	1.5527	

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

<sup>A</sup> The 1994 Sunshine State VRDS bonds were paid off in fiscal year 2010.

<sup>B</sup> See page 143 for population information.

<sup>C</sup> Debt net of premium and discount

<sup>D</sup> In fiscal year 2015 Fund balance reduction was added as a separate line item

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

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt limit	\$ 2,584,651,615	\$ 3,338,693,748	\$ 3,920,416,339	\$ 3,882,603,724	\$ 3,465,358,138
Total net debt applicable to limit	<u>80,348,515</u>	<u>77,595,559</u>	<u>75,105,405</u>	<u>72,702,497</u>	<u>70,195,935</u>
Legal Debt margin	<u>\$ 2,504,303,100</u>	<u>\$ 3,261,098,189</u>	<u>\$ 3,845,310,934</u>	<u>\$ 3,809,901,227</u>	<u>\$ 3,395,162,203</u>
Total net debt applicable to the limit as a percentage of debt limit	3.11%	2.32%	1.92%	1.87%	2.03%

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt limit	\$ 3,315,711,442	\$ 3,296,743,489	\$ 3,460,848,297	\$ 3,698,486,533	\$ 4,065,580,713
Total net debt applicable to limit	<u>67,579,117</u>	<u>62,490,554</u>	<u>60,722,308</u>	<u>56,518,915</u>	<u>52,080,035</u>
Legal Debt margin	<u>\$ 3,248,132,325</u>	<u>\$ 3,234,252,935</u>	<u>\$ 3,400,125,989</u>	<u>\$ 3,641,967,618</u>	<u>\$ 4,013,500,678</u>
Total net debt applicable to the limit as a percentage of debt limit	2.04%	1.90%	1.75%	1.53%	1.28%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$ 27,103,871,420
Debt limit (15% of assessed value)	4,065,580,713
Debt applicable to limit:	
General obligation bonds	53,755,000
Less: Amount set aside for repayment of general obligation debt	<u>1,674,965</u>
Total net debt applicable to limit	<u>52,080,035</u>
Legal debt margin	<u>\$ 4,013,500,678</u>

Note: Assessed value is the preliminary certification of taxable value.

**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>						
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
2010	35,448,502	20,579,374	14,869,128	1,727,294	1,240,684	5.01
<sup>A</sup> 2011	40,663,353	21,016,656	19,646,697	2,015,876	1,773,541	5.18
2012	42,818,274	21,860,993	20,957,281	1,909,458	2,121,143	5.20
2013	44,305,488	23,668,544	20,636,944	1,972,110	2,050,454	5.13
2014	40,466,836	27,386,957	13,079,879	2,049,762	1,977,231	3.25
2015	42,741,293	27,065,549	15,675,744	1,405,000	1,834,663	4.84

A - New Bonds were issued in fiscal year 2011; See debt footnote

Note: Revenue includes operating revenues and nonoperating interest income but excludes interest earned on bond proceeds as per the official bond statement. Operating expenses excludes depreciation, amortization or administrative fees.

<b>Water &amp; Sewer Revenue Bonds</b>						
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
2010	69,632,326	45,831,721	23,800,605	3,775,000	5,036,856	2.70
2011	69,086,475	48,509,804	20,576,671	3,930,000	5,961,736	2.08
2012	68,622,998	46,769,683	21,853,315	4,100,000	5,801,135	2.21
2013	68,382,564	49,737,831	18,644,733	4,285,000	5,633,434	1.88
2014	69,399,550	49,242,030	20,157,520	3,185,000	5,633,434	2.29
2015	76,118,870	53,527,238	22,591,632	4,935,000	5,299,541	2.21

A - Bonds were refunded during fiscal year 2006. As such, no principal payment was made in 2006.

Note: Revenue includes operating revenues and nonoperating interest income but excludes interest earned on bond proceeds and water and sewer impact fees as per the official bond statement. Operating expenses excludes depreciation, amortization or administrative fees.

<b>Stormwater Revenue Bonds</b>						
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
2010	11,444,244	2,716,689	8,727,555	1,190,000	2,381,166	2.44
2011	11,845,218	3,346,893	8,498,325		2,042,670	4.16
2012	11,754,024	3,770,907	7,983,117	1,500,000	3,337,013	1.65
2013	11,778,578	3,011,708	8,766,870	1,545,000	4,302,595	1.50
2014	11,938,937	3,287,102	8,651,835	1,590,000	4,258,872	1.48
2015	21,321,751	4,804,628	16,517,123	2,620,000	4,208,297	2.42

Note: Revenue includes operating revenues and nonoperating interest income but excludes interest earned on bond proceeds as per the official bond statement. Operating expenses excludes depreciation, amortization or administrative fees.

<b>Redevelopment Agency Tax Increment Revenue Bonds</b>						
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	70,858,394	500,000	70,358,394	4,045,000	4,329,697	8.40
2010	73,108,937	500,000	72,608,937	4,255,000	4,138,267	8.65
2011	81,936,306	500,000	81,436,306	4,450,000	3,943,254	9.70
2012	84,906,486	500,000	84,406,486	4,660,000	3,733,816	10.06
2013	90,690,478	500,000	90,190,478	4,885,000	3,512,766	10.74
2014	37,456,562	500,000	36,956,562	4,885,000	3,513,000	4.40
2015	36,251,898		36,251,898	5,375,000	3,039,103	4.31

Note: The resort tax revenue pledge to the redevelopment agency debt was released in fiscal year 2014

Beginning in fiscal year 2013, all net revenues were calculated based on the official bond statement requirements for debt coverage.

**CITY OF MIAMI BEACH, FLORIDA  
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
SEPTEMBER 30, 2015**

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**DIRECT DEBT**

General obligation indebtedness		
Public improvement bonds	\$	53,755,000
Premium/(Discount)		<u>1,663,971</u>
Total General obligation indebtedness		55,418,971

Non-self-supporting indebtedness: <sup>A</sup>

Gulf breeze government loan program	\$	8,484,492	
Pension obligation bonds		23,160,000	
Tax increment revenue bonds		54,990,000	
Premium/(Discount)		377,342	
Energy savings obligation		<u>11,801,348</u>	
Total non-self-supporting indebtedness			<u>98,813,182</u>
Total direct indebtedness			154,232,153

**OVERLAPPING DEBT <sup>B</sup>**

Miami-Dade County			
Total general obligation indebtedness	\$	1,384,231,000	
Percent applicable to City - 12.8732% <sup>C</sup>			178,194,825
Total school district obligation indebtedness	\$	349,151	
Percent applicable to City -12.8732% <sup>C</sup>			44,947
Total net non-self-supporting indebtedness	\$	2,305,285,800	
Percent applicable to City - 12.8732% <sup>C</sup>			<u>296,764,052</u>
Total overlapping debt			<u>475,003,824</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<b>\$</b>		<b><u><u>629,235,977</u></u></b>

<sup>A</sup> Excludes self-supporting debt obligations.

<sup>B</sup> 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.

<sup>C</sup> Based upon 2015 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 ( <i>thousands of dollars</i> )	Per Capita Personal Income	Auto Tags	Bank Deposits (Thousands)	School Age Population	Unemployment Rate
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	88,955	35,887	2,160,963	77,178	429,531	5.8
2009	92,833	90,916	36,357	2,074,138	A	427,034	10.7
2010	87,779	92,227	36,846	1,999,364	80,352	395,791	12.4
2011	90,097	96,657	37,834	2,007,052	82,935	396,973	11.3
2012	90,848	100,688	38,860	1,691,167	B	400,893	9.3
2013	91,026	104,373	39,880		A	398,203	8.4
2014	91,732	111,529	41,883		A	405,803	6.8

**Source:** Florida Statistical Abstract, 2014

<sup>A</sup> Data not available

<sup>B</sup> Does not include mobile homes, trailers or vessels, dealer or transporter license plates, half-year truck/tractor registrations or permanent government license plates.

\*Preliminary Data

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

Ten Largest Public Employers					
<u>Employer</u>	2015			2006	
	<u>Employees</u>	<u>Rank</u>	Percentage of Total County <u>Employment</u>	<u>Employees</u>	<u>Rank</u>
Miami-Dade County Public Schools	31,000	1	2.74 %	50,000	1
Miami-Dade County	24,692	2	2.08	30,000	2
Federal Government	19,300	3	1.57	20,300	3
Florida State Government	19,200	4	1.40	18,300	4
Jackson Health System	8,163	5	0.80	10,453	5
Florida International University	4,951	6	0.33	3,500	8
City of Miami	3,820	7	0.29	3,954	7
Homestead AFB	2,810	8	0.27		
Miami Dade College	2,572	9	0.20	5,400	6
City of Miami Beach	1,795	10	0.20	1,839	10
Miami VA Medical Center				2,400	9

Ten Largest Private Employers					
<u>Employer</u>	2015			2006	
	<u>Employees</u>	<u>Rank</u>	Percentage of Total County <u>Employment</u>	<u>Employees</u>	<u>Rank</u>
University of Miami	13,864	1	1.11 %	9,367	2
Baptist Health South Florida	13,369	2	1.07	10,683	1
American Airlines	11,773	3	0.95	9,000	3
Mount Sinai Medical Center	3,402	4	0.27		
Florida Power and Light	3,011	5	0.24		
Miami Children's Hospital	2,991	6	0.24		
Wells Fargo	2,050	7	0.16		
Bank of America Merrill Lynch	2,000	8	0.16		
Fountainebleau Miami Beach	1,966	9	0.16		
Royal Caribbean	1,710	10	0.14		
Bellsouth				4,800	5
Winn-Dixie Stores				4,616	6
Precision Response Corporation				4,196	7
Publix Super Markets				4,000	8
Florida Power & Light Co.				3,655	9
Burdines-Macy's				3,368	10
United Parcel Service				5,000	4

**Source:** Employer and employees information provided by the Beacon Council. Percentage of total County employment was calculated based on total County employment of 1,244,234 as presented in the 2015 Florida Statistical Abstract.

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

Function/Program	Full-time Equivalent Employees as of September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General government:</b>										
Mayor and commission	20	20	19	19	19	18	18	18	18	20
City manager	13	13	11	11	10	10	10	10	13	15
Office of communications	8	9	8	6	5	5	5	5	4	9
Budget and performance improvement	20	21	19	19	18	18	18	18	18	20
Organization Development and Performance Initiatives										2
Finance	45	46	39	37	37	37	37	37	37	50
Information technology	44	46	43	40	38	36	36	37	36	38
Human resources	17	18	16	17	15	14	14	14	15	23
Labor relations <sup>C</sup>	2	3	3							
Risk Management <sup>F</sup>	6	6	6	6	6	7	7	7	6	
City clerk	17	17	16	16	14	14	14	13	14	14
Procurement	9	10	10	9	9	9	8	8	8	12
City attorney	22	22	22	20	19	19	19	19	19	21
<b>Economic Development and Cultural Arts:</b>										
Real Estate, Housing and Comm. Development <sup>E</sup>					13	13	13	13	11	11
Economic development	7	7	6	5						
Building <sup>A</sup>	71	79	79	79	72	66	73	73	73	86
Planning	28	29	29	26	26	25	25	25	25	26
Tourism & cultural development	14	13	12	11	11	11	11	11	13	17
Bass museum	8	8	8	8	8	8	8	8	8	8
<b>Operations:</b>										
Neighborhood services <sup>D</sup>	65	67	60	56						
Community Services					4	4	4	4	4	4
Code compliance					42	30	41	41	42	57
Parks & recreation <sup>B</sup>	195	205	198	195	182	156	173	173	167	152
Public works	34	33	39	48	45	41	41	40	41	57
Sanitation	148	179	177	187	187	187	179	178	178	169
Property management	71	71	69	66	54	24	50	50	50	33
Capital improvement projects	31	31	31	32	35	35	37	37	36	34
Parking	111	116	120	118	117	83	116	110	111	107
Sewer	42	42	41	38	33	35	35	34	34	34
Stormwater	25	25	26	25	25	23	21	21	21	29
Water	69	69	63	59	54	56	52	52	52	52
Fleet management	24	24	23	21	21	21	20	20	22	22
Transportation management										6
<b>Public safety:</b>										
Police - Officers	386	403	396	381	370	370	370	381	381	385
Police - Civilians	164	166	148	149	140	138	138	144	158	92
Fire - Officers	208	207	206	203	200	200	200	200	200	201
Fire - Civilians	23	21	23	27	26	27	27	27	27	27
Ocean rescue <sup>B</sup>	68	76	76	76	76	56	76	76	76	78
Emergency Management										72
<b>Total</b>	<b>2,013</b>	<b>2,102</b>	<b>2,042</b>	<b>2,007</b>	<b>1,927</b>	<b>1,794</b>	<b>1,894</b>	<b>1,903</b>	<b>1,917</b>	<b>1,983</b>

**Source:** City of Miami Beach Budget Department

**Note:** In FY 2011 the City reduced its FTE by 133, this is due to adopted efficiencies and service reductions.

<sup>B</sup>Beach patrol was transferred from the Parks & Recreation department to become the Ocean Rescue

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

<sup>D</sup>Neighborhood Service was dissolved in 2009.

<sup>E</sup>Housing and Comm Development was part of Neighborhood services in 2009 which merged with Economic development to become Real Estate, Housing and Comm Development.

<sup>F</sup>Risk Management merged with Human Resources in 2015

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

Function/Program	Fiscal Year										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
<b>General government:</b>											
Mayor and commission											
Ordinances approved	36	43	46	39	44	43	35	26	73	69	
Resolutions approved	322	296	251	308	274	245	230	266	382	383	
City manager											
Responses to resident inquiries/complaints	612	692	540	575	545	553	549	N/A	N/A	N/A	
Better Place Requests Open and Closed	23	21	15	4	10	N/A	42	2	7	58	
Budget and performance improvement											
Audits performed <sup>D</sup>	254	266	242	272	263	233	235	198	187	155	
Grants awarded	\$ 3,410,086	\$ 2,065,480	\$ 2,483,516	\$ 6,934,165	\$ 5,639,593	\$ 3,221,421	\$ 2,869,671	\$ 3,574,486	\$ 3,447,853	\$ 3,146,417	
Finance											
Utility customer accounts	10,500	10,059	10,043	10,044	10,057	10,061	10,062	10,070	10,075	10,085	
Licenses issued	7,330	8,000	7,541	8,650	7,748	6,496	6,592	6,496	6,943	7,555	
Lien statements	3,850	3,942	2,415	2,658	4,076	6,600	6,326	7,355	6,734	6,298	
Annual resort tax accounts	1,127	1,119	1,054	1,066	1,050	1,067	1,066	1,087	1,054	1,058	
Citizen Support Center	93	116	68	12	48	2	4	6	5	15	
Human resources											
Employees	1,879	1,870	1,926	1,902	1,869	1,837	1,824	1,905	1,930	1,960	
Hires	363	314	195	188	206	146	154	176	163	218	
Building											
Building and trade permits processed/issued	18,348	13,943	11,904	11,361	11,039	12,523	13,272	13,881	14,071	14,076	
Certificates	622	736	337	383	411	342	417	529	536	558	
Tourism & cultural development											
Film & print and special events permits	1,280	1,563	1,232	966	1,023	1,215	1,225	1,190	1,141	1,249	
Bass Museum Visitors	19,211	25,210	30,071	26,414	29,642	26,477	36,708	47,162	64,323	53,093	
Theater Events (Byron/Colony)	255	380	267	225	223	218	222	237	172	90	
<b>Operations:</b>											
Parking											
Residential Parking Permits	26,837	26,437	28,131	11,557	11,830	12,357	13,720	12,523	14,566	13,539	
Municipal Parking Permits	47,722	48,964	48,660	41,651	53,502	42,152	44,418	47,600	51,230	43,014	
Total Vehicle Entries - Garages	2,711,193	2,815,672	2,363,600	2,254,119	2,162,618	2,530,878	2,582,466	2,887,722	3,310,093	3,121,623	
Citizen Support Center	260	435	218	N/A	N/A	133	110	170			
Parks & recreation											
Summer Camp	2,515	2,587	2,317	2,758	2,398	2,538	2,561	2,568	2,653	2,689	
After and Play School Participants	2,400	882	2,810	2,680	3,217	3,501	3,276	3,056	3,139	3,091	
Athletics	1,253	1,442	2,835	2,656	2,079	2,251	2,042	2,104	2,215	2,143	
Pool Attendance	119,800	161,176	145,337	141,524	160,456	157,227	138,005	128,852	133,373	118,553	
Golf course patrons <sup>A</sup>	44,252	44,078	42,850	66,358	73,447	80,782	71,528	76,230	79,532	75,542	
Public Works-Engineering/Water/Sewer/Streets											
Right-of-Way permits issued	N/A	1,092	899	935	868	855	822	801	967	1,144	
Cleaning and inspection of sewer lines	1,217,202	1,182,000	703,294	778,937	N/A	964,703	824,212	937,000	N/A	N/A	
Storm sewers cleaned	233,000	88,000	59,000	78,279	N/A	1,253	97,425	N/A	N/A	N/A	
Deteriorated storm sewers replaced	80	15	640	N/A	N/A	125	47	120	N/A	N/A	
New-metered service taps and installations	196	113	400	207	N/A	70	62	N/A	N/A	N/A	
Roads and alleys repaved (linear feet)	7,000	11,100	36,000	N/A	N/A	3,600	7,200	1,300	N/A	N/A	
Sidewalk replaced (square feet)	38,000	63,000	44,000	46,889	N/A	3,525	2,927	17,000	N/A	N/A	
Citizen Support Center	1,854	1,787	2,732	2,908	2,636	1,261	541	982	775	822	
Sanitation											
Residential Waste (tons per year)	15,708	15,500	14,882	13,354	12,980	12,172	10,233	8,920	8,972	8,278	
Litter Cans	2,095	2,335	2,335	2,735	2,735	2,735	2,735	2,765	2,787	2,376	
Mechanized Sweeping (miles per day)	15	15	15	20	20	20	20	20	20	20	
Mobile Sweeping (miles per day)	156	156	156	156	156	156	156	156	156	156	
Fleet Management											
Fuel consumed - diesel and unleaded (gallons) <sup>C</sup>	777,827	820,913	866,571	890,529	903,675	900,211	858,767	698,280	849,400	847,359	
Preventive maintenance jobs	2,699	2,932	2,911	3,160	3,053	3,181	3,174	3,519	3,153	3,334	
Police											
Total number of arrests	12,887	14,954	13,804	13,338	10,801	9,588	9,890	10,577	8,280	6,644	
Traffic Violations	58,615	52,976	49,389	44,521	39,586	49,561	48,344	50,590	71,562	64,478	
Citizen Support Center	143	96	67	73	28	64	42	75	65	110	
Fire											
Emergency responses	13,532	16,794	22,640	25,015	20,356	21,429	22,263	22,948	23,415	25,185	
Existing building inspections	N/A	N/A	2,292	978	1,500	1,107	773	961	1,985	1,461	
Night club inspections	N/A	N/A	3,184	2,769	3,198	3,718	1,957	2,477	1,775	333	
Site inspections	N/A	N/A	4,932	4,953	3,672	5,187	7,369	9,047	9,736	10,868	
On duty inspections	N/A	N/A	1,984	1,856	1,793	1,478	187	1233	1,774	1,945	
Ocean rescue - victims rescued	313	680	506	579	645	747	531	733	575	788	
Ocean rescue prevention	365,103	447,251	455,757	349,882	320,858	257,862	250,310	273,543	208,027	217,367	
Citizen Support Center	182	149	137	115	50	91	78	76	61	40	

N/A - Information not available.

Source: Various City of Miami Beach departments and Departmental Workplans.

<sup>A</sup> The City opened a second golf course which was operational for 9 months

<sup>B</sup> In FY 2010 the City used a new method to track requests from residents.

<sup>C</sup> Fuel consumed for FY 2013 has been restated to reflect the correct amount for FY 2013

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General government:</b>										
Mayor and commission										
Ordinances approved	36	43	46	39	44	43	35	26	73	69
Resolutions approved	322	296	251	308	274	245	230	266	382	383
City manager										
Responses to resident inquiries/complaints	612	692	540	575	545	553	549	N/A	N/A	N/A
Better Place Requests Open and Closed	23	21	15	4	10	N/A	42	2	7	58
Budget and performance improvement										
Audits performed <sup>d</sup>	254	266	242	272	263	233	235	198	187	155
Grants awarded	\$ 3,410,086	\$ 2,065,480	\$ 2,483,516	\$ 6,934,165	\$ 5,639,593	\$ 3,221,421	\$ 2,869,671	\$ 3,574,486	\$ 3,447,853	\$ 3,146,417
Finance										
Utility customer accounts	10,500	10,059	10,043	10,044	10,057	10,061	10,062	10,070	10,075	10,085
Licenses issued	7,330	8,000	7,541	8,650	7,748	7,718	6,592	6,496	6,943	7,555
Lien statements	3,850	3,942	2,415	2,658	4,076	6,600	6,326	7,355	6,734	6,298
Annual resort tax accounts	1,127	1,119	1,054	1,066	1,050	1,067	1,066	1,087	1,054	1,058
Citizen Support Center	93	116	68	12	48	2	4	6	5	15
Human resources										
Employees	1,879	1,870	1,926	1,902	1,869	1,837	1,824	1,905	1,930	1,960
Hires	363	314	195	188	206	146	154	176	163	218
Building										
Building and trade permits processed/issued	18,348	13,943	11,904	11,361	11,039	12,523	13,272	13,881	14,071	14,076
Certificates	622	736	337	383	411	342	417	529	536	558
Tourism & cultural development										
Film & print and special events permits	1,280	1,563	1,232	966	1,023	1,215	1,225	1,190	1,141	1,249
Bass Museum Visitors	19,211	25,210	30,071	26,414	29,642	26,477	36,708	47,162	64,323	53,093
Theater Events (Byron/Colony)	255	380	267	225	223	218	222	237	172	90
<b>Operations:</b>										
Parking										
Residential Parking Permits	26,837	26,437	28,131	11,557	11,830	12,357	13,720	12,523	14,566	13,539
Municipal Parking Permits	47,722	48,964	48,660	41,651	53,502	42,152	44,418	47,600	51,230	43,014
Total Vehicle Entries - Garages	2,711,193	2,815,672	2,363,600	2,254,119	2,162,618	2,530,878	2,582,466	2,887,722	3,310,093	3,121,623
Citizen Support Center	260	435	218	N/A	N/A	133	110	170		
Parks & recreation										
Summer Camp	2,515	2,587	2,317	2,758	2,398	2,538	2,561	2,568	2,653	2,689
After and Play School Participants	2,400	882	2,810	2,680	3,217	3,501	3,276	3,056	3,139	3,091
Athletics	1,253	1,442	2,835	2,656	2,079	2,251	2,042	2,104	2,215	2,143
Pool Attendance	119,800	161,176	145,337	141,524	160,456	157,227	138,005	128,852	133,373	118,553
Golf course patrons <sup>A</sup>	44,252	44,078	42,850	66,358	73,447	80,782	71,528	76,230	79,532	75,542
Public Works-Engineering/Water/Sewer/Streets										
Right-of-Way permits issued	N/A	1,092	899	935	868	855	822	801	967	1,144
Cleaning and inspection of sewer lines	1,217,202	1,182,000	703,294	778,937	N/A	964,703	824,212	937,000	N/A	N/A
Storm sewers cleaned	233,000	88,000	59,000	78,279	N/A	1,253	97,425	N/A	N/A	N/A
Deteriorated storm sewers replaced	80	15	640	N/A	N/A	125	47	120	N/A	N/A
New-metered service taps and installations	196	113	400	207	N/A	70	62	N/A	N/A	N/A
Roads and alleys repaved (linear feet)	7,000	11,100	36,000	N/A	N/A	3,600	7,200	1,300	N/A	N/A
Sidewalk replaced (square feet)	38,000	63,000	44,000	46,889	N/A	3,525	2,927	17,000	N/A	N/A
Citizen Support Center	1,854	1,787	2,732	2,908	2,636	1,261	541	982	775	822
Sanitation										
Residential Waste (tons per year)	15,708	15,500	14,882	13,354	12,980	12,172	10,233	8,920	8,972	8,278
Litter Cans	2,095	2,335	2,335	2,735	2,735	2,735	2,735	2,765	2,787	2,376
Mechanized Sweeping (miles per day)	15	15	15	20	20	20	20	20	20	20
Mobile Sweeping (miles per day)	156	156	156	156	156	156	156	156	156	156
Fleet Management										
Fuel consumed - diesel and unleaded (gallons) <sup>C</sup>	777,827	820,913	866,571	890,529	903,675	900,211	858,767	698,280	849,400	847,359
Preventive maintenance jobs	2,699	2,932	2,911	3,160	3,053	3,181	3,174	3,519	3,153	3,334
Police										
Total number of arrests	12,887	14,954	13,804	13,338	10,801	9,588	9,890	10,577	8,280	6,644
Traffic Violations	58,615	52,976	49,389	44,521	39,586	49,561	48,344	50,590	71,562	64,478
Citizen Support Center	143	96	67	73	28	64	42	75	65	110
Fire										
Emergency responses	13,532	16,794	22,640	25,015	20,356	21,429	22,263	22,948	23,415	25,185
Emergency responses	N/A	N/A	2,292	978	1,500	21,429	773	961	1,985	1,461
Emergency responses	N/A	N/A	3,184	2,769	3,198	21,429	1,957	2,477	1,775	333
Emergency responses	N/A	N/A	4,932	4,953	3,672	21,429	7,369	9,047	9,736	10,868
Emergency responses	N/A	N/A	1,984	1,856	1,793	21,429	187	1233	1,774	1,946
Emergency responses	313	680	506	579	645	747	531	733	575	788
Emergency responses	365,103	447,251	455,757	349,882	320,858	257,862	250,310	273,543	208,027	217,367
Emergency responses	182	149	137	115	50	91	78	76	61	40

N/A - Information not available.

Source: Various City of Miami Beach departments and Departmental Workplans.

<sup>A</sup> The City opened a second golf course which was operational for 9 months

<sup>B</sup> In FY 2010 the City used a new method to track requests from residents.

<sup>C</sup> Fuel consumed for FY 2013 has been restated to reflect the correct amount for FY 2013

<sup>D</sup> Audits performed for FY 2014 has been restated to reflect the correct amount for FY 2014