

City of Miami Beach, Florida

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2002

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Jorge M. Gonzalez
City Manager

Patricia D. Walker
Chief Financial Officer

Report prepared by: Finance Department

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Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2002**

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INTRODUCTORY SECTION

CITY OF MIAMI BEACH

1700 Convention Center Drive, Miami Beach, FL 33139
<http://ci.miami-beach.fl.us>



March 31, 2003

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, 2002.

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 various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the financial activities of the City have been included.

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

State statutes require an annual audit by independent certified public accountants. The accounting firm of KPMG LLP was recommended by the City Manager, following a review by an appointed evaluation committee, and approved by the City Commission. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2002, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1996 as amended, and the related OMB Circular A-133. 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.

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

Profile of the Government

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

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

The City provides a full range of services. These services include police and fire protection; recreational activities; cultural events; sanitation services; water, sewer and storm water services; neighborhood community services; and the construction and maintenance of streets and infrastructure. This report includes activities of the Miami Beach Visitor and Convention Authority, the Retirement System for General Employees, the Retirement System for Police and Fire Employees, the Miami Beach Retirement System for Non-Civil Service Employees, the Miami Beach Health Facilities Authority, and the Miami Beach Redevelopment Agency (the "Agency").

The annual budget serves as the foundation for the City's financial planning and control. At least 65 days prior to the beginning of the fiscal year, the City Commission is presented with a proposed budget. The proposed budget includes anticipated expenditures and the means of funding them. After Commission review and public hearings, the budget is

adopted prior to October 1. The budget is approved by fund and department. Management may transfer amounts between line items within a department as long as the transfer does not result in an increase in the department budget. Increases to funds or department budgets and transfers between departments require Commission approval. Annual budgets are adopted on a basis consistent with GAAP for all governmental funds except the capital projects fund, which adopts project-length budgets. Budget-to-actual comparisons are provided in the required supplementary information section of this report for the general fund, the resort tax special revenue fund, and the Miami Beach Redevelopment Agency Special Revenue Fund. Funds and grants that have multi-year project budgets are not presented in the statements.

Factors Affecting Financial Condition

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

Local Economy. Miami Beach is a barrier island surrounded by the Atlantic Ocean to the east and Biscayne Bay to the west. Tourism is the largest contributor to the Miami Beach economy with over \$915 million in direct tourist spending on hotel, retail, food, and beverage alone. This spending generated approximately \$1.4 billion in total output into the local economy, and \$418 million in earnings. This past year, Miami Beach hotels hosted over 4.5 million visitors, and over 7 million tourists visited South Beach and the Art Deco Historic district. Additionally, Miami Beach remains a regional resource, with approximately 8 million day-trips by residents of the surrounding area, making Miami Beach one of the most popular attractions in Florida.

However, the overall economy of the City continues to diversify. In recent years, Miami Beach has expanded beyond its traditional tourism based economy to become a multifaceted center for real estate, entertainment, health care, and culture. This past year, the world's most prestigious art fair, based in Basel, Switzerland, held its first exhibition, outside of Switzerland, in Miami Beach. This first time exhibition was an outstanding success. Attendance and sales far exceeded expectations assuring a return of Art Basel Miami Beach in 2003.

Commercial and residential construction accounted for over \$500 million in 2002. Multiple Class A office buildings were recently completed increasing office space by 178,000 square feet. The City's largest office tenant, LNR Property Corporation, now anchors the office market.

The entertainment industry continues as an important part of the Miami Beach economy. The production sector spends approximately \$57 million a year in the City for the production of movies and fashion campaigns. Many international talent and model agencies have located in the City. This year the William Morris Agency opened an office in the City to handle the Spanish language entertainment industry. This is the first William Morris Agency expansion since it opened a Nashville, Tennessee office in 1973 to handle country music deals. This move confirms that Miami Beach has firmly established itself as one of the leaders of Spanish-language entertainment in the U.S. This year-round corporate activity has over \$190 million in operations.

Long-Term Financial Planning. The City's construction projects include citywide water, wastewater, and storm water improvements as well as a variety of streetscape enhancement projects. The City has developed various capital improvement programs to improve the quality of life of its residents. Over the next six years, an estimated \$400 million of public right-of-way infrastructure improvement projects are to be implemented.

Water, sewer, and storm water improvements will be implemented in accordance with recommendations presented in the City's Water and Sewer Master Plan and Storm water Master Plan. In general, these consist of the replacement and/or rehabilitation of existing water mains to replace aged pipe and/or address fire flow requirements and to address drainage issues throughout the City.

Streetscape improvements will include enhanced landscaping and street lighting consistent with community preferences; repair, extension or widening of sidewalks to comply with the American with Disabilities Act (ADA) –Title III; street resurfacing, pavement markings and improvements of street ends with street lighting, landscaping, fencing, and/or parking where appropriate; bicycle paths and pedestrian access-ways; and, incorporation of traffic calming features.

Debt Administration. During the year, Standard & Poor's Corporation increased the City's rating on its bonds from A to an A+. The City continues to maintain its A1 rating from Moody's Investors Services. 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. As of September 30, 2002, the general obligation bonded debt of the City totaling \$43.8 million was well below the legal limit of \$1.3 billion, and debt per capita equaled \$497.

Cash management policies and practices. In accordance with the City's investment policy, excess cash during the year was invested in U. S. Treasury obligations, U. S. government agencies, commercial paper, corporate bonds, money market funds, and repurchase agreements. The investment portfolio of the pension trust fund includes cash deposits, U. S. government securities, corporate bonds, common stock, money market funds, and commercial paper. The average yield on investments, except for the pension trust funds, was 2.8%. The pension trust funds had a yield rate loss of 3.2% for this same period.

The investment policy of the City is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either covered by federal depository insurance or a collateral pool held by the State Treasurer for the benefit of all public deposits in Florida, or by collateral held by third parties in trust in the name of the City. All cash and investments of the City, at September 30, 2002, met the criteria for Risk Category #1 as defined by the Governmental Accounting Standards Board, Statement #3, "Deposits with financial institutions, investments (including repurchase agreements) and reversed repurchased agreements."

Risk management. The City has a risk management program for workers' compensation, general liability, and auto liability. As part of this comprehensive plan, resources are being accumulated in the self-insurance internal service fund to meet potential losses. In addition, various risk control techniques, including employee accident prevention training, have been implemented to minimize accident-related losses. The City has \$7.4 million currently restricted for future losses.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2001. This was the fifteenth 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.

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

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

Sincerely,



Jorge M. Gonzalez
City Manager



Patricia D. Walker
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Miami Beach,
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2001

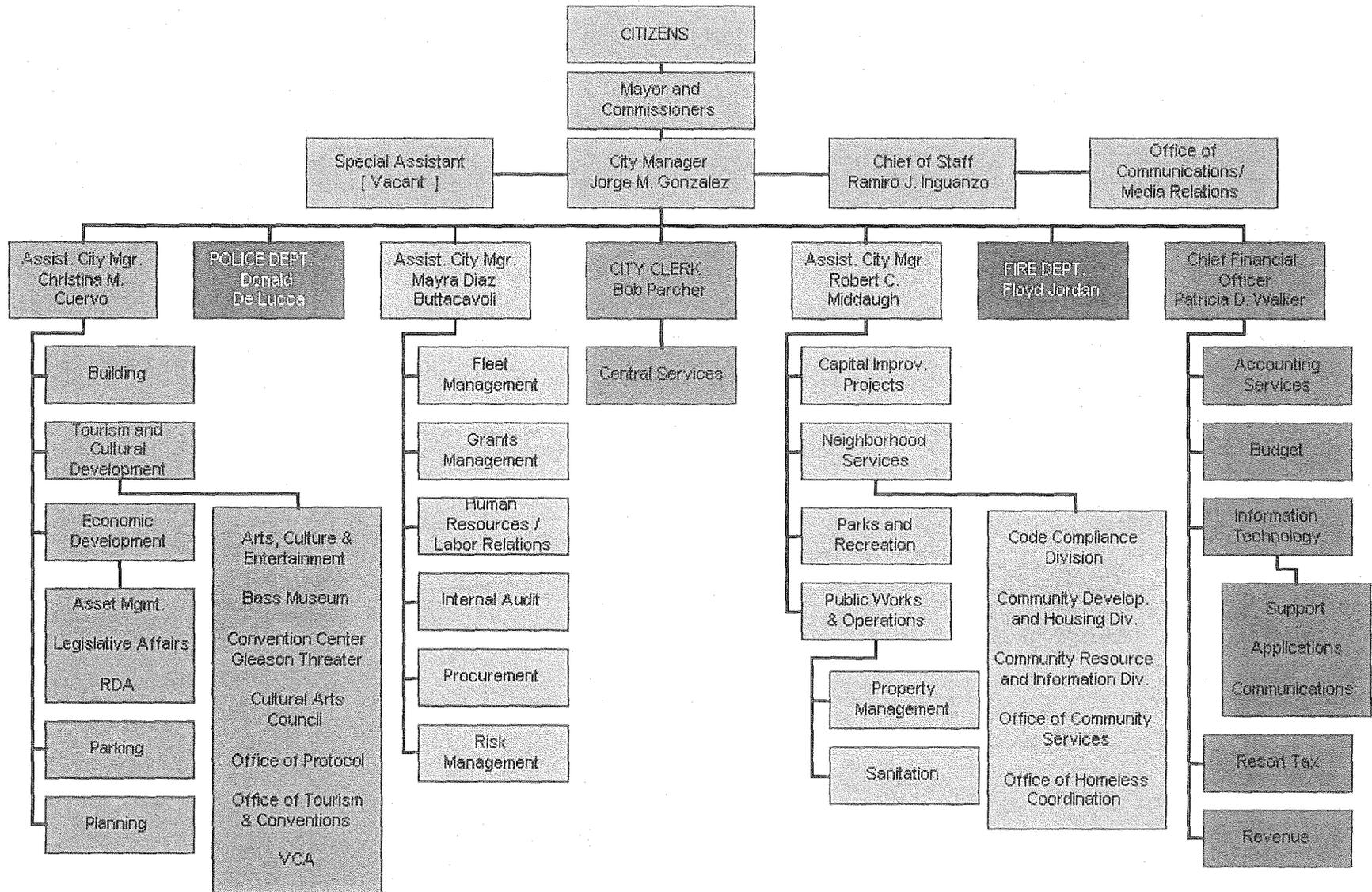
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



William Robert Rote
President

Jeffrey L. Esser
Executive Director

CITY OF MIAMI BEACH ORGANIZATIONAL CHART



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

September 30, 2002

City Commission

David Dermer, Mayor

Richard L. Steinberg, Vice-Mayor

Matti Herrera Bower, Commissioner

Simon Cruz, Commissioner

Luis R. Garcia, Jr., Commissioner

Saul Gross, Commissioner

Jose Smith, Commissioner

Administration

Jorge M. Gonzalez, City Manager

Patricia D. Walker, Chief Financial Officer

Christina M. Cuervo, Assistant City Manager

Mayra Diaz Buttacavoli, Assistant City Manager

Robert C. Middaugh, Jr., Assistant City Manager

FINANCIAL SECTION

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami Beach, Florida (the City), as of and for the year ended September 30, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Miami Beach, Florida Retirement System for General Employees, the Retirement System for Policemen and Firemen, and the Retirement System for Unclassified Employees and Elected Officials, which represent 87% and 15%, respectively, of the assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Miami Beach, Florida Retirement System for General Employees, the Retirement System for Policemen and Firemen and the Retirement System for Unclassified Employees and Elected Officials is based 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 of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to 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 of Miami Beach, Florida, as of September 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 2, the City has implemented a new financial reporting model, as required by the Governmental Accounting Standards Board Statement (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB

Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Government – Omnibus*, portions of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of October 1, 2001.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2003 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 grants. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management’s discussion and analysis on pages 11 through 22, the budgetary comparison information on pages 67 and 68, and the schedule of funding progress on page 66 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The introductory section, supplementary information, and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information included in the introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

March 31, 2003

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2002. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$523.2 million. Of this amount, \$148.8 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- During fiscal year 2002, the City's net assets increased by \$19.2 million. Most of this increase is attributable to operations of the business-type activities, primarily from increased rates.
- At the end of the current fiscal year the unreserved fund balance for the general fund was \$26.9 million, or 20% of the total general fund expenditures.
- The City's total long-term liabilities decreased \$11.5 million (4.0%) during the current year. This was due mainly to making the required principal payments on bonded debt with no new bonded debt added this fiscal year.

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 a private-sector business.

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

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

Both the statement of net assets and the statement of activities of the government-wide financial 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, streets, economic development, human services, culture and recreation. The business-type activities of the City includes storm water,

water and sewer, parking, convention center complex, sanitation, and Miami Beach Redevelopment Agency's parking and leasing operations.

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

The government-wide financial statements can be found on pages 23-24 of this report.

Fund Financial Statements

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

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

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

The City maintains fifteen 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 eleven 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, resort tax special revenue fund, and its Miami Beach Redevelopment Agency's special revenue fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

Proprietary Funds. The City maintains seven different types of proprietary or 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, parking, convention center complex, sanitation, and Miami Beach Redevelopment Agency's parking and leasing. Internal service funds are an accounting device used to accumulate and allocate cost internally among the

City's various functions. The City uses internal service funds to account for its fleet management, property management, central services, self insurance, and information technology/communications operations. Because all these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type 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, 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 nonmajor 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 28-31 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 the City's own programs. The fiduciary funds include the Pension Trust Funds and general agency fund.

The fiduciary fund financial statements can be found on pages 32-33 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 34-65 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 66-69 of this report.

The combining statements referred to earlier in connection with non major governmental funds and internal service funds are presented immediately following the required supplemental information on pensions. Combining and individual fund statements and schedules can be found on pages 70-92 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the City, assets exceeded liabilities by \$523.2 million at the close of the most recent fiscal year, an increase of \$19.2 million from September 30, 2001.

As mentioned previously, the basic financial statements include a reconciliation between the fiscal year 2002 governmental funds statement of revenues, expenditures, and changes in fund balance which reports a decrease of \$15.4 million in fund balances and the reported

increase in the excess of assets over liabilities reported in the government-wide statement of activities \$5.4 million, a difference of \$20.8 million.

Key elements of the reconciliation of these two statements are that the government-wide statement of activities reports the issuance of debt as a liability, the purchases of capital assets as assets which are then charged to expense over their useful lives (through annual depreciation charges) and changes in long-term liabilities as adjustments of expenses. Conversely the governmental funds statements report the issuance of debt as an other financing source of funds, the repayment of debt as an expenditure, the purchase of capital assets as an expenditure and does not reflect changes in long-term liabilities.

By far the largest portion of the City's net assets (57.7%) reflects its investment in capital assets (e.g., land, building, infrastructure machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF MIAMI BEACH						
Net Assets						
(in thousands)						
	Governmental activities		Business-type activities		Total	
	2002	2001	2002	2001	2002	2001
Current and other assets	\$ 176,811	\$ 196,098	\$ 220,092	\$ 216,321	\$ 396,903	\$ 412,419
Capital assets	334,493	324,311	287,331	276,898	621,824	601,209
Total assets	<u>511,304</u>	<u>520,409</u>	<u>507,423</u>	<u>493,219</u>	<u>1,018,727</u>	<u>1,013,628</u>
Long-term liabilities						
outstanding	282,499	289,800	184,993	180,283	467,492	470,083
Other liabilities	13,234	16,271	14,816	13,628	28,050	29,899
Total liabilities	<u>295,733</u>	<u>306,071</u>	<u>199,809</u>	<u>193,911</u>	<u>495,542</u>	<u>499,982</u>
Net assets:						
Invested in capital assets,						
net of related debt	94,231	98,184	207,522	222,488	301,753	320,672
Restricted	72,627	75,875			72,627	75,875
Unrestricted	48,713	40,279	100,092	76,820	148,805	117,099
	<u>\$ 215,571</u>	<u>\$ 214,338</u>	<u>\$ 307,614</u>	<u>\$ 299,308</u>	<u>\$ 523,185</u>	<u>\$ 513,646</u>

An additional portion of the City's net assets (13.9%) for the governmental activities represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$148.8 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's net assets increased 3.8%, by \$19.2 million during the current fiscal year. About 75% of this increase represents the degree to which increases in ongoing enterprise revenues have outpaced similar increases in ongoing expenses. The remainder of this growth was due to the ability of the City to maintain operating expenses lower in relation to revenue growth.

Governmental activities. Governmental activities increased the City's net assets by \$5.4 million, thereby accounting for 28.2 % of the total growth in the net assets of the City of Miami Beach.

Key elements of these changes are as follows:

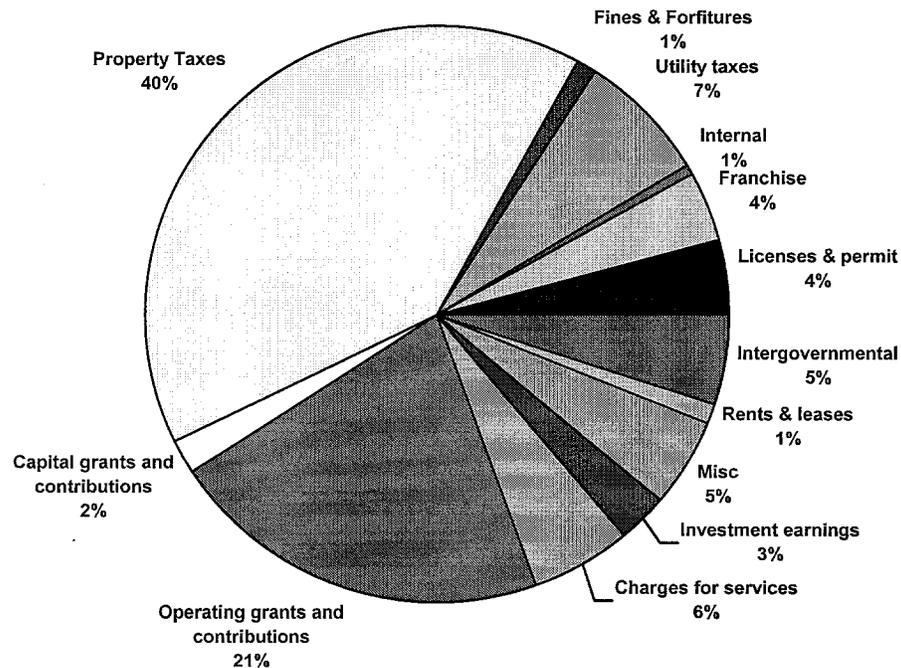
CITY OF MIAMI BEACH
Changes in Net Assets
(in thousands)

	Governmental activities	Business-type activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 10,248	\$ 81,666	\$ 91,914
Operating grants and contributions	39,651	7,886	47,537
Capital grants and contributions	3,929		3,929
General revenues:			
Taxes:			
Property taxes, levied for general Purposes	65,343		65,343
Property taxes, levied for debt service	9,600		9,600
Utility	13,348		13,348
Franchise Fees	7,037		7,037
Licenses and Permits	8,095		8,095
Intergovernmental	9,109		9,109
Rents and leases	2,267	318	2,585
Fines and forfeitures	1,716		1,716
Miscellaneous	8,920	6	8,926
Unrestricted Investment earnings	5,301	5,582	10,883
Loss on disposal of capital assets	(214)	(7)	(221)
Internal activity:			
Transfers	1,337	(1,337)	
Total revenues and transfers	185,687	94,114	279,801
Expenses:			
General government	25,829		25,829
Public safety	84,602		84,602
Physical environment	2,895		2,895
Transportation	8,934		8,934
Economic environment	8,501		8,501
Human services	1,496		1,496
Culture and recreation	31,673		31,673
Interest on long-term debt	16,335		16,335
Storm Water		4,020	4,020
Water		14,940	14,940
Sewer		25,460	25,460
Parking		15,172	15,172
Convention Center		13,469	13,469
Sanitation		5,503	5,503
Redevelopment Agency's Parking		1,530	1,530
Redevelopment Agency's Leasing		238	238
Total expenses	180,265	80,332	260,597
Change in net assets	5,422	13,782	19,204
Net assets – beginning	210,149	293,832	503,981
Net assets – ending	\$ 215,571	\$ 307,614	\$ 523,185

- Property taxes increased in the general fund by \$6.3 million (9.1%) during the year. This is attributed to an increase in taxable real property value from \$9.4 billion to \$10.6 billion which included over \$305.7 million in new construction.
- Interest income decreased by \$3.0 million or 52% as a result of a significant drop in interest rates. The average yield on City investments dropped from 4.8% to 2.8%.

The following chart shows the amounts of program and general revenues for fiscal year 2002:

**Revenues by Source – Governmental Activities
for the Year Ended September 30, 2002**

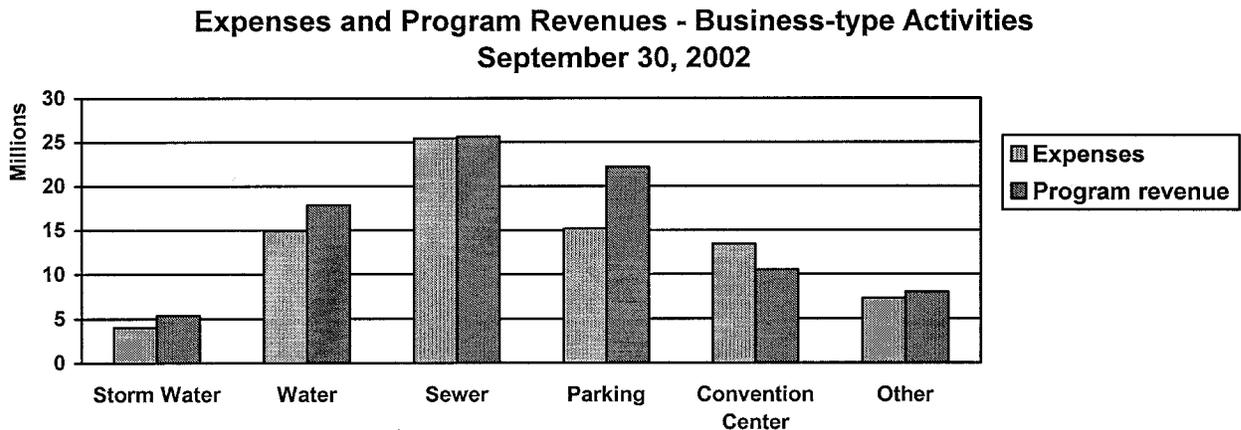


Business-type activities. Business-type activities increased the City's net assets \$13.8 million or 4.7%.

Key elements of this increase are as follows:

- The Storm Water Utility net assets increased by \$3.3 million, due to a rate increase and increased collections of outstanding balances.
- The Water and Sewer net assets increased by \$5.9 million, due to a rate increase and increased collections of outstanding balances.
- The Parking System net assets increased by \$6.4 million, due to increases in rates and increased hours of enforcement.
- The Convention Center Complex net assets decreased by \$2.9 million, as a result of reduced bookings subsequent to the September 11, 2001 tragedy.
- Other Enterprise net assets increased by \$1.1 million, as a result of normal operations.

The following chart shows a comparison of expenses to program revenues for business-type activities for fiscal year 2002:



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)

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
Fund balances						
Sep. 30, 2001	\$ 27,930	\$ 5,035	\$ 19,621	\$ 77,938	\$ 28,191	\$ 158,715
Revenues	125,630	22,638	21,515	5,158	23,535	198,476
Expenditures	(133,879)	(8,938)	(4,690)	(25,237)	(42,998)	(215,742)
Other financing sources (uses)	9,246	(15,336)	(16,989)	5,590	19,342	1,853
Fund balances						
Sep. 30, 2002	\$ 28,927	\$ 3,399	\$ 19,457	\$ 63,449	\$ 28,070	\$ 143,302

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's funding requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$26.9 million, while total fund balance reached \$28.9 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to fund balance expenditures.

Unreserved fund balance represents 19.2% of total general fund expenditures, while total fund balance represents 20.7% of the same amount.

The fund balance of the City's general fund increased by \$997 thousand during the current fiscal year. A key factor in this growth was the ability to maintain expenditures under budgeted amounts.

The City's general fund is required to adopt an annual budget prepared on a basis consistent with GAAP. Surpluses from any prior fiscal year cannot be appropriated in future fiscal years.

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.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The total growth in net assets for all enterprise funds was \$13.8 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Budgetary Highlights

The following information is presented to assist the reader in comparing the original budget (Adopted Budget), and the final amended budget (Amended Budget) and how actual results compared with these budgeted amounts. The Amended Budget can be modified subsequent to the end of the fiscal year.

Differences between the Adopted Budget and the Amended Budget (\$4.5 million increase in appropriations) can be briefly summarized as follows:

- \$1.7 million in general governmental activities
- \$0.6 million in increases allocated to public safety
- \$0.1 million in increases allocated to physical environment
- \$0.1 million in increases allocated transportation
- \$2.0 million in increases allocated to culture and recreation

Of these increases, \$2.2 million was to fund prior year encumbrances and \$2.1 million was to fund approved budget amendments from available fund balance. The remaining \$0.2 million increase was funded by a new permit fee implemented in 2002. During the year, expenditures were less than budgetary estimates therefore eliminating the need to draw upon existing fund balance.

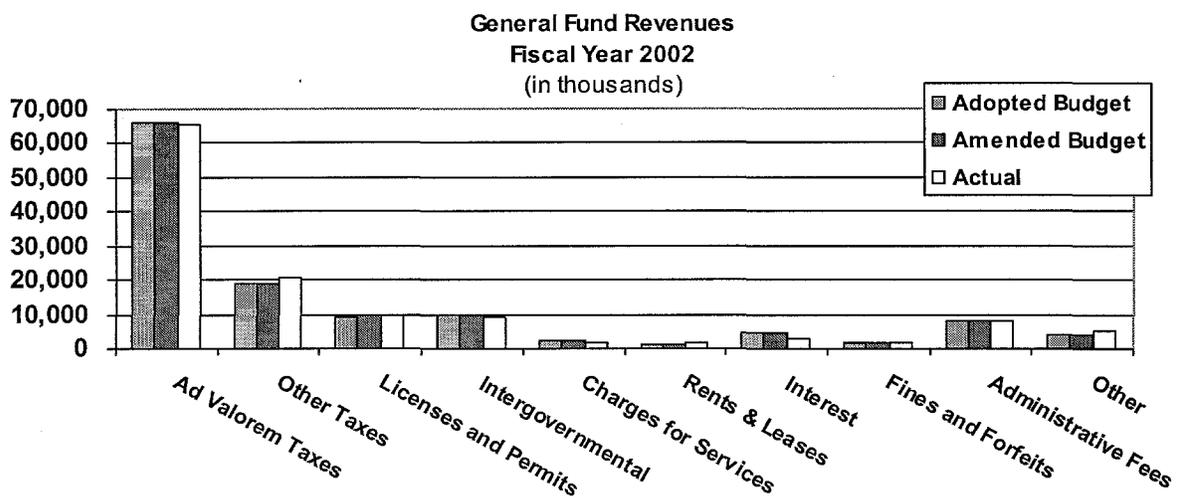
In the redevelopment agency funds, the major variances between final budget and actual are in intergovernmental revenues and economic environment. Intergovernmental revenues increased \$1.5 million or 8% due to increased real estate valuations of existing property and new large residential buildings added to the tax rolls. In economic environment, \$3.3 million or 94% of the variance relates to payments made to satisfy a settlement between the RDA and a developer.

Resort tax revenue fund decreased \$7.7 million or 27% from final budget as a direct result of a decrease in tourism after September 11, 2001. All restaurants and hotels experienced a decline in business during most of Fiscal Year 2002

General Fund Revenues

The major variances between final budget and actual are in utility taxes and interest income. Utility taxes are sensitive to local economic indicators. The increase of \$1.3 million or 10.6% is a result of growth in wireless, commercial, and residential accounts. Conversely, interest income was affected by national economic indicators. The decrease of \$1.9 million or 40.2% is a direct result of average interest rates on our investments dropping from 4.5% to 2.5%.

The following charts and tables summarize actual revenues by category for fiscal years 2002 and compare revenues with Adopted Budget, Amended Budget, and Actual.



Differences between the original budget and the final amended budget were minor (\$240 increase in appropriation for a newly implemented permit fee).

**General Fund Revenues
Fiscal Year 2002
(in thousands)**

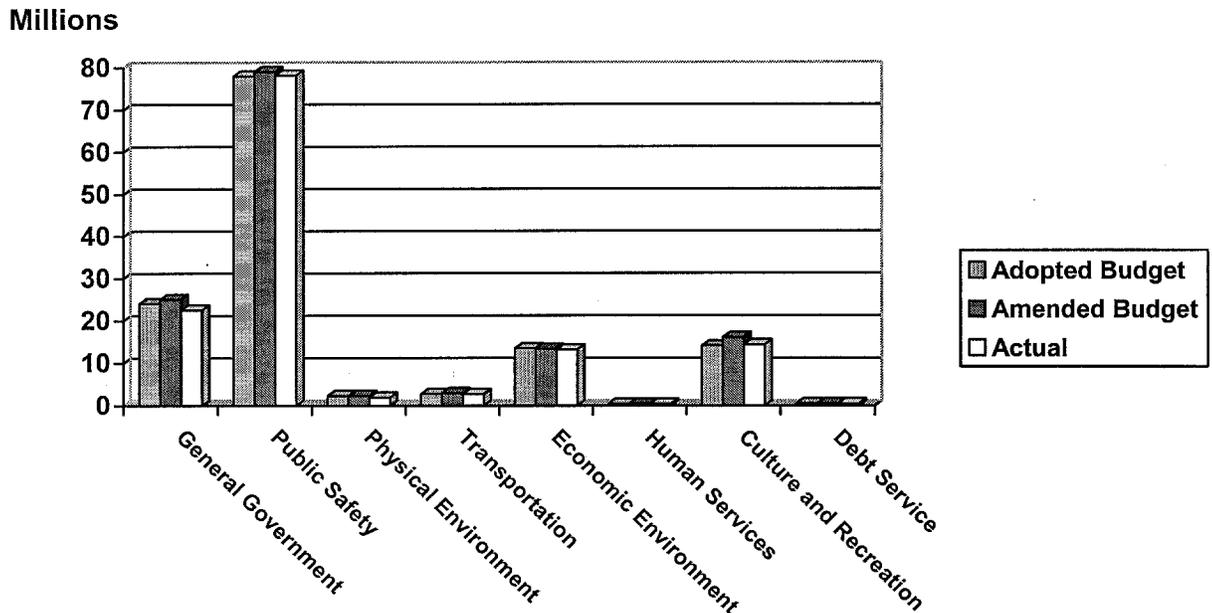
	Adopted budget	Amended budget	Actual
Taxes:			
Property	\$ 66,255	\$ 66,255	\$ 65,561
Franchise	6,929	6,929	7,037
Utility	12,064	12,064	13,348
Taxes	85,248	85,248	85,946
Other than taxes:			
Licenses and permits	9,268	9,508	9,628
Intergovernmental	9,654	9,654	9,263
Charges for services	2,033	2,033	1,792
Rents and leases	1,406	1,406	1,447
Interest Income	4,663	4,663	2,790
Fines and forfeits	1,648	1,648	1,716
Administrative Fees	8,139	8,139	8,144
Other	4,298	4,298	4,904
Other than taxes	41,109	41,349	39,684
Total revenues	\$ 126,357	\$ 126,597	\$ 125,630

General Fund Expenditures

When comparing final budget to actual, all expenditure categories were under budget as a result of precautionary measures taken by the City after September 11, 2001.

The following charts and tables summarize actual expenditures by function/program for fiscal year 2002 and compare expenditures with Adopted Budget, Amended Budget and Actual.

General Fund Expenditures Fiscal Year 2002



The difference between budget and actual are savings that were achieved through deferral of vacant positions in anticipation of projected general fund revenue shortfalls subsequent to the tragic events of September 11, 2001 and the economic recession.

General Fund Expenditures Fiscal Year 2002 (in thousands)

	Adopted budget	Amended budget	Actual
General government	\$ 24,083	\$ 25,062	\$ 22,539
Public safety	77,910	78,962	78,145
Physical environment	2,287	2,277	1,948
Transportation	2,761	2,960	2,747
Economic environment	13,484	13,401	13,176
Human services	475	468	425
Culture and recreation	14,126	16,084	14,402
Debt service	500	500	498
Total expenditures	\$ 135,626	\$ 139,714	\$ 133,880

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2002 amounts to \$621.8 million (net of accumulated depreciation) This

investment in capital assets includes land, buildings, water & sewer distribution, storm drainage systems, lighting systems, sidewalks, curbs, signage, equipment, street improvements, and parks, which are detailed as follows (net of accumulated depreciation):

	Capital Assets (in thousands)		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Land	\$ 77,404	\$ 22,510	\$ 99,914
Buildings and structures	79,047	146,209	225,256
Mains and lines		20,525	20,525
Meters and hydrants		5,909	5,909
Furniture, fixtures & equipment	15,680	8,763	24,443
Permanent improvements	9,105	2,354	11,459
Infrastructure	46,506		46,506
Construction work-in-progress	106,751	81,061	187,812
Total	\$ 334,493	\$ 287,331	\$ 621,824

The City has developed various capital improvement programs to improve the quality of life of its residents. Major projects included citywide water, wastewater and storm water improvements, streetscape enhancements, improvements to parks, beaches, and fire stations.

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

Long-term Debt

At the end of the current fiscal year, the City had a total bonded debt outstanding of \$425.6 million. This debt was reduced by \$16.1 million (3.6%) during the year. This reduction was due to principal payments.

CITY OF MIAMI BEACH'S Outstanding Debt General Obligation, Special Obligation and Revenue Bonds (in thousands)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2002	2001	2002	2001	2002	2001
General obligation	\$ 43,810	\$ 50,985	\$	\$	\$ 43,810	\$ 50,985
Special obligation	196,452	201,360			196,452	201,360
Revenue bonds			185,288	189,293	185,288	189,293
Total	\$ 240,262	\$ 252,345	\$ 185,288	\$ 189,293	\$ 425,550	\$ 441,638

Requests for Information

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

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2002

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 157,853,185	\$ 35,379,156	\$ 193,232,341	\$ 1,814,282
Cash with fiscal agent	100,000		100,000	
Inventories at cost	539,809	1,951,340	2,491,149	
Receivables (net)	8,337,523	13,708,409	22,045,932	455,616
Due from other governments	1,199,344	8,098	1,207,442	
Internal balances	21,486	(21,486)		
Prepaid expenses		233,637	233,637	
Restricted cash and investments	7,413,902	165,401,343	172,815,245	
Deferred charges	1,346,024	3,431,292	4,777,316	
Capital assets, net	334,492,823	287,330,903	621,823,726	5,768
Total assets	<u>511,304,096</u>	<u>507,422,692</u>	<u>1,018,726,788</u>	<u>2,275,666</u>
LIABILITIES				
Accounts payable	6,350,127	3,690,171	10,040,298	332,294
Accrued expenditures	2,891,482	1,736,517	4,627,999	
Accrued interest payable	3,992,261		3,992,261	
Deferred revenues		801,467	801,467	
Due to other governments	423	1,905,778	1,906,201	
Liabilities payable from restricted assets		6,681,695	6,681,695	
Noncurrent liabilities:				
Due within one year	23,960,071	5,537,295	29,497,366	
Due in more than one year	258,538,817	179,455,833	437,994,650	
Total liabilities	<u>295,733,181</u>	<u>199,808,756</u>	<u>495,541,937</u>	<u>332,294</u>
NET ASSETS				
Invested in capital assets, net of related debt	94,230,869	207,522,214	301,753,083	5,768
Restricted for:				
Debt Service	9,082,989		9,082,989	
Capital improvements	25,452,499		25,452,499	
Economic development	22,856,588		22,856,588	
Transportation	10,774,044		10,774,044	
Other purposes	4,461,428		4,461,428	
Unrestricted	48,712,498	100,091,722	148,804,220	1,937,604
Total net assets	<u>\$ 215,570,915</u>	<u>\$ 307,613,936</u>	<u>\$ 523,184,851</u>	<u>\$ 1,943,372</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, 2002

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 25,829,313	\$ 6,459,266	\$	\$	\$ (19,370,047)	\$	\$ (19,370,047)	\$
Public safety	84,602,292	1,360,094	2,186,344		(81,055,854)		(81,055,854)	
Physical environment	2,895,202		233		(2,894,969)		(2,894,969)	
Transportation	8,933,603	174,854	1,094,973	873,104	(6,790,872)		(6,790,872)	
Economic environment	8,501,119	1,134,904	13,724,663		6,358,448		6,358,448	
Human services	1,495,853		1,101,659		(394,194)		(394,194)	
Culture and recreation	31,672,707	1,118,889	21,543,234	3,056,341	(5,954,243)		(5,954,243)	
Interest on long-term debt	16,334,853				(16,334,853)		(16,334,853)	
Total governmental activities	<u>180,264,942</u>	<u>10,247,807</u>	<u>39,651,106</u>	<u>3,929,445</u>	<u>(126,436,584)</u>		<u>(126,436,584)</u>	
Business-type activities:								
Storm Water	4,020,379	5,230,566	114,315			1,324,502	1,324,502	
Water	14,939,612	17,749,061	108,290			2,917,739	2,917,739	
Sewer	25,460,076	25,604,163	67,891			211,978	211,978	
Parking	15,172,305	19,187,199	3,001,337			7,016,231	7,016,231	
Convention Center	13,469,379	7,557,445	2,945,049			(2,966,885)	(2,966,885)	
Sanitation	5,502,752	3,864,730	1,637,896			(126)	(126)	
Redevelopment Agency's Parking	1,530,007	1,841,125	10,856			321,974	321,974	
Redevelopment Agency's Leasing	237,559	631,139	249			393,829	393,829	
Total business-type activities	<u>80,332,069</u>	<u>81,665,428</u>	<u>7,885,883</u>			<u>9,219,242</u>	<u>9,219,242</u>	
Total primary government	<u>\$ 260,597,011</u>	<u>\$ 91,913,235</u>	<u>\$ 47,536,989</u>	<u>\$ 3,929,445</u>	<u>(126,436,584)</u>	<u>9,219,242</u>	<u>(117,217,342)</u>	
Component units:								
Visitor and Convention Health Facilities	\$ 871,657	\$ 82,213	\$	\$				(789,444)
Health Facilities	318,255							(318,255)
Total component units	<u>\$ 1,189,912</u>	<u>\$ 82,213</u>	<u>\$</u>	<u>\$</u>				<u>(1,107,699)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					65,342,548		65,342,548	
Property taxes, levied for debt service					9,600,173		9,600,173	
Utility					13,348,286		13,348,286	
Franchise fees					7,037,263		7,037,263	
Licenses and permits					8,095,001		8,095,001	
Intergovernmental					9,108,632		9,108,632	
Rents and leases					2,266,989	318,264	2,585,253	
Fines and forfeitures					1,716,378		1,716,378	
Miscellaneous					8,919,382	6,388	8,925,770	967,037
Unrestricted investment earnings					5,300,943	5,581,455	10,882,398	8,139
Loss on disposal of capital assets					(213,893)	(6,871)	(220,764)	
Internal activity:								
Transfers					1,336,584	(1,336,584)		
Total general revenues and transfers					<u>131,858,286</u>	<u>4,562,652</u>	<u>136,420,938</u>	<u>975,176</u>
Change in net assets					5,421,702	13,781,894	19,203,596	(132,523)
Net assets - beginning					210,149,213	293,832,042	503,981,255	2,075,895
Net assets - ending					<u>\$ 215,570,915</u>	<u>\$ 307,613,936</u>	<u>\$ 523,184,851</u>	<u>\$ 1,943,372</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, 2002

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 24,338,274	\$ 4,508,904	\$ 19,283,918	\$ 66,962,175	\$ 26,861,316	\$ 141,954,587
Receivables:						
Accounts (net of allowance for uncollectibles)	4,521,321	1,179,752	16,572		1,502,541	7,220,186
Accrued interest	670,098			92,499	9,572	772,169
Notes		46,088				46,088
Delinquent taxes receivable	179,487				44,303	223,790
Due from other funds	2,382,824		220,459		742	2,604,025
Due from other governments				708,401	490,943	1,199,344
Inventories				189,809		189,809
Prepaid expenditures			56,689		3,919	60,608
Advances to other funds	130,000					130,000
Total assets	<u>\$ 32,222,004</u>	<u>\$ 5,734,744</u>	<u>\$ 19,577,638</u>	<u>\$ 67,952,884</u>	<u>\$ 28,913,336</u>	<u>\$ 154,400,606</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,086,349	\$ 114,615	\$ 12,133	\$ 3,641,275	\$ 475,060	\$ 5,329,432
Accrued expenditures	1,919,629	365,817	948	387,951	54,450	2,728,795
Deferred revenues	284,452				48,879	333,331
Advances from other funds					130,000	130,000
Due to other funds	4,791	1,855,198	107,083	474,566	134,263	2,575,901
Due to other governments					423	423
Total liabilities	<u>3,295,221</u>	<u>2,335,630</u>	<u>120,164</u>	<u>4,503,792</u>	<u>843,075</u>	<u>11,097,882</u>
Fund balances:						
Reserved for:						
Encumbrances	2,056,937	475,854		14,246,614	3,371,509	20,150,914
Debt service					12,834,789	12,834,789
Inventories				189,809		189,809
Notes		46,088				46,088
Prepaid			56,689		3,919	60,608
Unreserved:						
Designated for contingencies	15,662,687					15,662,687
Undesignated:						
General	11,207,159					11,207,159
Special Revenue		2,877,172	19,400,785		11,860,044	34,138,001
Capital Projects				49,012,669		49,012,669
Total fund balances	<u>28,926,783</u>	<u>3,399,114</u>	<u>19,457,474</u>	<u>63,449,092</u>	<u>28,070,261</u>	<u>143,302,724</u>
Total liabilities and fund balances	<u>\$ 32,222,004</u>	<u>\$ 5,734,744</u>	<u>\$ 19,577,638</u>	<u>\$ 67,952,884</u>	<u>\$ 28,913,336</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 318,613,003

Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 333,331

Internal service funds are used by management to charge the costs of fleet management, property management, central services, self insurance, and communications to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 23,206,655

Other liabilities are not due and payable in the current period and therefore are not reported in the funds. (3,992,261)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (265,892,537)

Net assets of governmental activities (page 24) \$ 215,570,915

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, 2002

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 65,560,532	\$	\$	\$	\$ 9,644,645	\$ 75,205,177
Franchise	7,037,263					7,037,263
Utility	13,348,286					13,348,286
Resort		21,021,618				21,021,618
Licenses and permits	9,627,491					9,627,491
Intergovernmental	9,263,148	42,500	20,731,456	3,927,794	7,874,386	41,839,284
Charges for services	1,792,330				2,060,581	3,852,911
Rents and leases	1,446,707		665,138			2,111,845
Interest	2,790,257	86,962	76,562	1,059,926	885,164	4,898,871
Fines and forfeitures	1,716,378				1,456,528	3,172,906
Administrative fees	8,143,990					8,143,990
Other	4,903,947	1,486,673	41,730	170,132	1,613,346	8,215,828
Total revenues	125,630,329	22,637,753	21,514,886	5,157,852	23,534,650	198,475,470
EXPENDITURES						
Current:						
General government	22,539,099	808,123		1,243,985		24,591,207
Public safety	78,144,832			483,351	2,372,801	81,000,984
Physical environment	1,947,904			451,256		2,399,160
Transportation	2,746,693			461,964	3,137,463	6,346,120
Economic environment	13,176,098	1,565,310	4,689,965	5,501,339	4,050,014	28,982,726
Human services	425,370			47,545	1,019,182	1,492,097
Culture and recreation	14,401,954	6,563,049		17,047,855	3,851,693	41,864,551
Debt service:						
Principal retirement	345,943	1,920			12,403,000	12,750,863
Interest and fiscal charges	151,771				16,163,630	16,315,401
Total expenditures	133,879,664	8,938,402	4,689,965	25,237,295	42,997,783	215,743,109
Excess (deficiency) of revenues over (under) expenditures	(8,249,335)	13,699,351	16,824,921	(20,079,443)	(19,463,133)	(17,267,639)
OTHER FINANCING SOURCES (USES)						
Disposal of assets	448,005					448,005
Transfers in	15,031,450	2,174,881	1,815,423	5,902,853	19,880,217	44,804,824
Transfers out	(6,233,344)	(17,510,595)	(18,804,335)	(312,168)	(538,326)	(43,398,768)
Total other financing sources (uses)	9,246,111	(15,335,714)	(16,988,912)	5,590,685	19,341,891	1,854,061
Net change in fund balances	996,776	(1,636,363)	(163,991)	(14,488,758)	(121,242)	(15,413,578)
Fund balances - beginning of year	27,930,007	5,035,477	19,621,465	77,937,850	28,191,503	158,716,302
Fund balances - end of year	\$ 28,926,783	\$ 3,399,114	\$ 19,457,474	\$ 63,449,092	\$ 28,070,261	\$ 143,302,724

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, 2002

Amounts reported for governmental activities in the statement of activities (page 25) are different because:

Net change in fund balances - total governmental funds (page 26)	\$ (15,413,578)
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 depreciated expense. This is the amount by which capital outlays exceeded depreciation in the current period.	10,868,283
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,905,657)
The repayment of the principal of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets as follows:	
Principal retirement - debt service	12,750,863
Principal retirement - due to developer	3,322,587
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds and are included in the governmental activities section of the statement of net assets.	(2,348,387)
Internal funds are used by management to charge the costs of fleet management, property management, central services, self insurance, and communications to individual funds.	(2,890,918)
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>1,038,509</u>
Change in net assets of governmental activities (page 24)	<u><u>\$ 5,421,702</u></u>

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

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2002

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
ASSETS							
Current assets:							
Cash and investments	\$ 1,987,366	\$ 1,784,280	\$ 23,352,965	\$ 3,721,667	\$ 4,532,878	\$ 35,379,156	\$ 15,898,598
Cash with fiscal agent							100,000
Inventories at cost		1,951,340				1,951,340	350,000
Accounts receivable (net of allowance for uncollectibles)	380,108	6,448,326	579,596	707,634	730,121	8,845,785	75,291
Loan receivable			4,188,342			4,188,342	
Accrued interest receivable	267,713	406,569				674,282	
Due from other governments				8,098		8,098	
Due from other funds							2,966
Prepaid expenses			48,562	13,393	171,682	233,637	1,285,416
Total current assets	2,635,187	10,590,515	28,169,465	4,450,792	5,434,681	51,280,640	17,712,271
Noncurrent assets:							
Restricted cash and investments	54,517,476	72,149,317	21,065,825	17,613,365	55,360	165,401,343	7,413,902
Deferred charges	707,179	1,445,325	1,278,788			3,431,292	
Capital assets:							
Land		1,492,598	15,519,201	2,089,371	3,408,961	22,510,131	608,520
Buildings and structures	183,366	7,292,177	25,465,207	153,640,441	13,397,987	199,979,178	2,020,545
Parking lots			4,069,504			4,069,504	
Mains and lines		39,108,115				39,108,115	
Meters and hydrants		9,814,916	2,680,094			12,495,010	
Machinery and equipment	886,350	14,174,648	1,475,799	5,961,582	1,886,826	24,385,205	43,625,072
Construction in progress	4,648,197	59,872,249	10,215,859	6,324,361		81,060,666	
Less accumulated depreciation	(687,478)	(34,782,203)	(13,829,101)	(44,572,095)	(2,406,029)	(96,276,906)	(30,374,317)
Total capital assets (net of accumulated depreciation)	5,030,435	96,972,500	45,596,563	123,443,660	16,287,745	287,330,903	15,879,820
Total assets	62,890,277	181,157,657	96,110,641	145,507,817	21,777,786	507,444,178	41,005,993
LIABILITIES							
Current liabilities:							
Accounts payable	108,828	2,339,391	395,131	513,827	332,994	3,690,171	1,020,695
Accrued expenses	245,246	525,485	210,876	708,867	46,043	1,736,517	162,687
Due to other funds					21,486	21,486	9,604
Due to other governments	599,630	1,285,014	9,340		11,794	1,905,778	
Current portion of loan payable					131,614	131,614	186,952
Current portion of bonds payable	870,000	2,480,000	1,268,988			4,618,988	
Accrued compensated absences	77,103	265,216	245,261	11,241	152,929	751,750	700,793
Current portion of capital leases payable			554,134			554,134	
Deferred revenues			431,800	369,667		801,467	
Total current liabilities	1,900,807	6,895,106	3,115,530	1,603,602	696,860	14,211,905	2,080,731
Liabilities payable from restricted assets:							
Deposits		5,103,455	41,068	1,481,812	55,360	6,681,695	
Total liabilities payable from restricted assets		5,103,455	41,068	1,481,812	55,360	6,681,695	
Noncurrent liabilities:							
Pending insurance claims							7,247,000
Insurance claims incurred but not reported							7,534,000
Loan payable					751,904	751,904	937,607
Revenue bonds payable (net of unamortized discounts)	49,841,786	94,974,706	33,127,669			177,944,161	
Capital leases payable			240,577			240,577	
Total noncurrent liabilities	49,841,786	94,974,706	33,368,246		751,904	178,936,642	15,718,607
Total liabilities	51,742,593	106,973,267	36,524,844	3,085,414	1,504,124	199,830,242	17,799,338
NET ASSETS							
Invested in capital assets, net of related debt	132,875	45,531,870	22,126,064	123,443,660	16,287,745	207,522,214	15,879,820
Unrestricted	11,014,809	28,652,520	37,459,733	18,978,743	3,985,917	100,091,722	7,326,835
Total net assets	\$ 11,147,684	\$ 74,184,390	\$ 59,585,797	\$ 142,422,403	\$ 20,273,662	\$ 307,613,936	\$ 23,206,655

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

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2002

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Operating revenues:							
Charges for services	\$ 5,230,566	\$ 43,353,224	\$ 19,187,199	\$ 7,557,445	\$ 6,336,994	\$ 81,665,428	\$ 30,128,922
Permits, rentals, and other	114,315	1,519,760	3,001,337	2,945,049	1,649,001	9,229,462	801,634
Total operating revenues	<u>5,344,881</u>	<u>44,872,984</u>	<u>22,188,536</u>	<u>10,502,494</u>	<u>7,985,995</u>	<u>90,894,890</u>	<u>30,930,556</u>
Operating expenses:							
Personal services	660,681	4,057,543	4,090,596	4,190,051	2,147,988	15,146,859	6,820,423
Operating supplies	238,457	1,980,862	513,745	598,721	267,985	3,599,770	6,724,152
Contractual services	71,125	24,629,249	3,481,604	2,103,876	2,983,619	33,269,473	4,007,262
Utilities	2,802	546,833	457,897	1,507,964	24,293	2,539,789	1,374,070
Insurance				144,256		144,256	1,856,149
Internal charges	326,769	2,323,249	1,249,562	794,906	719,283	5,413,769	1,782,616
Depreciation	70,072	1,614,331	1,533,299	3,429,605	649,674	7,296,981	5,110,778
Administrative fees	250,000	2,894,896	2,300,000	700,000	250,000	6,394,896	846,094
Amortization	47,514	156,582	161,015			365,111	
Claims and judgements							5,176,614
Other operating					204,905	204,905	
Total operating expenses	<u>1,667,420</u>	<u>38,203,545</u>	<u>13,787,718</u>	<u>13,469,379</u>	<u>7,247,747</u>	<u>74,375,809</u>	<u>33,698,158</u>
Operating income (loss)	<u>3,677,461</u>	<u>6,669,439</u>	<u>8,400,818</u>	<u>(2,966,885)</u>	<u>738,248</u>	<u>16,519,081</u>	<u>(2,767,602)</u>
Nonoperating revenues							
(expenses):							
Interest and fiscal charges	(2,352,959)	(3,221,458)	(1,384,587)		(22,571)	(6,981,575)	(28,555)
Disposal of assets		12,452	5,603		(24,926)	(6,871)	(338,109)
Interest income	2,396,886	2,448,133	659,633	40,281	36,522	5,581,455	402,072
Total nonoperating revenues							
(expenses)	<u>43,927</u>	<u>(760,873)</u>	<u>(719,351)</u>	<u>40,281</u>	<u>(10,975)</u>	<u>(1,406,991)</u>	<u>35,408</u>
Income (loss) before contributions and transfers	3,721,388	5,908,566	7,681,467	(2,926,604)	727,273	15,112,090	(2,732,194)
Capital contributions			(29,171)		35,559	6,388	949,257
Transfers in			450,000		381,542	831,542	
Transfers out	(392,512)	(5,972)	(1,716,214)		(53,428)	(2,168,126)	(69,472)
Change in net assets	<u>3,328,876</u>	<u>5,902,594</u>	<u>6,386,082</u>	<u>(2,926,604)</u>	<u>1,090,946</u>	<u>13,781,894</u>	<u>(1,852,409)</u>
Total net assets - beginning	<u>7,818,808</u>	<u>68,281,796</u>	<u>53,199,715</u>	<u>145,349,007</u>	<u>19,182,716</u>	<u>293,832,042</u>	<u>25,059,064</u>
Total net assets - ending	<u>\$ 11,147,684</u>	<u>\$ 74,184,390</u>	<u>\$ 59,585,797</u>	<u>\$ 142,422,403</u>	<u>\$ 20,273,662</u>	<u>\$ 307,613,936</u>	<u>\$ 23,206,655</u>

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

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2002

	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:							
Cash received from customers	\$ 5,129,354	\$ 43,725,201	\$ 19,274,608	\$ 7,575,986	\$ 6,362,561	\$ 82,067,710	\$ 30,115,868
Cash paid to suppliers	(237,780)	(26,929,111)	(4,704,713)	(4,344,875)	(3,700,350)	(39,916,829)	(15,093,116)
Cash paid to employees	(627,420)	(4,002,172)	(3,993,089)	(4,181,241)	(2,210,933)	(15,014,855)	(6,579,019)
Cash paid for claims and judgements							(4,106,614)
Internal charges-payments made to other funds	(576,769)	(5,218,145)	(3,549,562)	(1,494,906)	(969,283)	(11,808,665)	(2,628,710)
Miscellaneous revenues	114,315	1,519,760	3,001,337	2,936,951	1,649,001	9,221,364	797,466
Net cash provided by operating activities	3,801,700	9,095,533	10,028,581	491,915	1,130,996	24,548,725	2,505,875
Cash flows for non-capital financing activities:							
Loan to other funds			(4,188,342)			(4,188,342)	
Proceeds from loan					947,612	947,612	1,215,620
Repayment of loan					(64,093)	(64,093)	(91,060)
Transfers in			450,000		381,542	831,542	
Transfers out	(392,512)	(5,972)	(1,716,214)		(53,428)	(2,168,126)	(69,472)
Net cash provided by (used in) non-capital financing activities	(392,512)	(5,972)	(5,454,556)		1,211,633	(4,641,407)	1,055,088
Cash flows from capital and related financing activities:							
Interest and fiscal charges	(2,349,828)	(3,230,840)	(1,381,746)		(16,685)	(6,979,099)	(21,145)
Bond payments-principal	(835,000)	(2,370,000)	(800,000)			(4,005,000)	
Capital lease payments			(525,749)			(525,749)	
Purchase of capital assets	(1,941,655)	(9,109,008)	(3,799,057)	(2,559,489)	(364,807)	(17,774,016)	(3,948,520)
Proceeds from sale of fixed assets		12,452	5,603		37,405	55,460	135,529
Net cash used in capital and related financing activities	(5,126,483)	(14,697,396)	(6,500,949)	(2,559,489)	(344,087)	(29,228,404)	(3,834,136)
Cash flows from investing activities:							
Interest on investments	2,991,532	2,408,593	659,633	40,281	36,522	6,136,561	402,072
Net cash provided by investing activities	2,991,532	2,408,593	659,633	40,281	36,522	6,136,561	402,072
Net increase (decrease) in cash and equivalents	1,274,237	(3,199,242)	(1,267,291)	(2,027,293)	2,035,064	(3,184,525)	128,899
Cash and investments - beginning of year	55,230,605	77,132,839	45,686,081	23,362,325	2,553,174	203,965,024	23,283,601
Cash and investments - end of year	\$ 56,504,842	\$ 73,933,597	\$ 44,418,790	\$ 21,335,032	\$ 4,588,238	\$ 200,780,499	\$ 23,412,500
Classified as:							
Current assets	\$ 1,987,366	\$ 1,784,280	\$ 23,352,965	\$ 3,721,667	\$ 4,532,878	\$ 35,379,156	\$ 15,998,598
Restricted assets	54,517,476	72,149,317	21,065,825	17,613,365	55,360	165,401,343	7,413,902
Total cash and investments	\$ 56,504,842	\$ 73,933,597	\$ 44,418,790	\$ 21,335,032	\$ 4,588,238	\$ 200,780,499	\$ 23,412,500
Non-cash transactions affecting financial position:							
Capital contributions of capital assets	\$	\$	\$ (29,171)	\$	\$ 35,559	\$ 6,388	\$ 949,257

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

(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, 2002

(continued)

	<u>Storm Water Utility Fund</u>	<u>Water and Sewer Fund</u>	<u>Parking System Fund</u>	<u>Convention Center Complex Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities- Internal Service Funds</u>
Operating income (loss)	\$ 3,677,461	\$ 6,669,439	\$ 8,400,818	\$ (2,966,885)	\$ 738,248	\$ 16,519,081	\$ (2,767,602)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:							
Depreciation and amorti- zation	117,586	1,770,913	1,694,314	3,429,605	649,674	7,662,092	5,110,778
Provision for uncollectible accounts	31,944	110,129		(31,120)	(86,696)	24,257	(3,964)
Changes in assets and liabilities:							
Increase in inventories		(453,744)				(453,744)	(44,536)
(Increase) decrease in accounts receivable	(101,212)	246,977	87,409	(103,677)	34,317	163,814	(25,595)
(Increase) decrease in due from other govern- ments				(8,098)	45	(8,053)	
Decrease in due from other funds		125,000				125,000	8,373
(Increase) decrease in prepaid expense		76,064		(13,393)	(13,366)	49,305	(407,195)
Increase (decrease) in accounts payable	41,167	(667,531)	(171,884)	368,950	(95,215)	(524,513)	(617,718)
Increase (decrease) in accrued expenses	7,865	5,502	(32,742)	(12,762)	2,459	(29,678)	183,916
Increase (decrease) in deposits		(10,246)	6,690	(289,062)	(8,846)	(301,464)	
Increase (decrease) in due to other governments		1,177,610	(6,452)	(8,340)	9,408	1,172,226	
Increase (decrease) in due to other funds					(23,179)	(23,179)	9,604
Increase (decrease) in deferred revenues			(13,256)	122,218	(8,750)	100,212	
Increase in pending insurance claims							1,116,000
Decrease in insurance claims incurred but not reported							(46,000)
Increase (decrease) in accrued compensated absences	26,889	45,420	63,684	4,479	(67,103)	73,369	(10,186)
Total adjustments	<u>124,239</u>	<u>2,426,094</u>	<u>1,627,763</u>	<u>3,458,800</u>	<u>392,748</u>	<u>8,029,644</u>	<u>5,273,477</u>
Net cash provided by operating activities	<u>\$ 3,801,700</u>	<u>\$ 9,095,533</u>	<u>\$ 10,028,581</u>	<u>\$ 491,915</u>	<u>\$ 1,130,996</u>	<u>\$ 24,548,725</u>	<u>\$ 2,505,875</u>

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

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

September 30, 2002

	<u>Pension Trust Funds</u>	<u>Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 380,299	\$ 2,653,945
Accrued interest receivable	3,427,520	1,462
Investments, at fair value:		
Short-term investments	19,198,099	
Commingled fixed income trust funds	16,722,556	
U.S. Government securities	63,088,497	
Corporate bonds	168,666,415	
Common stocks and index funds	368,687,637	
Money market funds	1,101,903	
Collective investment fund	10,557,721	
Total investments	<u>648,022,828</u>	
Total assets	<u>651,830,647</u>	<u>2,655,407</u>
Liabilities		
Accounts payable	4,230,685	508,410
Deposits		<u>2,146,997</u>
Total liabilities	<u>4,230,685</u>	<u>2,655,407</u>
Net Assets		
Held in trust for pension benefits	<u>\$ 647,599,962</u>	<u>\$</u>

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

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

For the Fiscal Year Ended September 30, 2002

	Pension Trust Funds
Additions:	
Contributions -	
Employer	\$ 3,510,328
Employee	6,693,687
Transfers from other systems	552,659
Other	11,409
Total contributions	10,768,083
Investment income -	
Net decrease in fair value of investments	(44,939,190)
Interest income	19,700,615
Dividends	4,429,993
	(20,808,582)
Investment management expenses	(1,745,418)
Deferred retirement option plan participants' loss	(141)
Net investment loss	(22,554,141)
Total reductions	(11,786,058)
Deductions:	
Benefit paid	38,335,961
Contributions refunded	437,634
Transfers to other systems	49,422
Administrative expenses	923,083
Total deductions	39,746,100
Net decrease	(51,532,158)
Net assets held in trust for pension benefits - beginning of year	699,132,120
Net assets held in trust for pension benefits - end of year	\$ 647,599,962

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

**CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002**

I. Summary of Significant Accounting Policies

The financial statements of the City of Miami Beach, Florida (the "City") have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 are not applied in the preparation of the financial statements of the proprietary fund types in accordance with GASB Statement #20. 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. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. The component units are described below.

1. Blended Component Units:

Miami Beach Redevelopment Agency

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

Miami Beach Neighborhood Improvement District # 1

The Miami Beach Neighborhood Improvement District No. 1 (the "NID#1") was created under Chapter 87-243, Section 55-73, of the Florida Statutes. The NID#1's Board of Directors is the City Commission. The NID#1's operating revenues are derived from grants, ad valorem taxes, or special assessments. The NID#1 had no financial activity during fiscal year 2002.

Miami Beach Neighborhood Improvement District # 2

The Miami Beach Neighborhood Improvement District No. 2 (the "NID#2") was created under Chapter 87-243, Section 55-73, of the Florida Statutes. The NID#2's Board of Directors is the City Commission. The NID#2's operating revenues are derived from grants, ad valorem taxes, or special assessments. The NID#2 had no financial activity during fiscal year 2002.

Miami Beach Neighborhood Improvement District # 3

The Miami Beach Neighborhood Improvement District No. 3 (the "NID#3") was created under Chapter 87-243, Section 55-73, of the Florida Statutes. The NID#3's Board of Directors is the City Commission. The NID#3's operating revenues are derived from grants, ad valorem taxes, or special assessments. The NID#3 had no financial activity during fiscal year 2002.

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Normandy Shores Local Government Neighborhood Improvement District

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

2. Discrete Component Units-Government 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 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 the general fund.

Miami Beach Visitor and Convention Authority

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

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

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

Miami Beach Health Facilities Authority
1700 Convention Center Drive
Miami Beach, Florida 33139

Miami Beach Visitor and Convention Authority
555 Hank Meyer Boulevard
Miami Beach, Florida 33139

Miami Beach Neighborhood
Improvement District #1, #2, & #3
1700 Convention Center Drive
Miami Beach, Florida 33139

Normandy Shores Local
Government Neighborhood
Improvement District
1700 Convention Center Drive
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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns reflect a full accrual, economic resource basis, which incorporates long-term assets as well as long-term debt and obligations.

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(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 major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner that these funds are normally budgeted. 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 needed to transform the fund based financial statements into the governmental column of 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 appropriated 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 government, these funds are not incorporated into the government-wide statements.

Separate 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. Revenues 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 and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so 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 and available when the City receives the cash.

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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 citywide 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 Shore and City Center/Historic Convention Village Redevelopment and Revitalization Area of the City.

The *Capital Projects Fund* accounts for proceeds of the City's bond sales and other revenues whose expenditure is restricted to the construction and acquisition of major capital projects.

Proprietary funds – are used to account for activities supported, as 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 operations of the City.

Other fund types:

Internal service funds - account for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. 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.

Self Insurance – accounts for the City's insurance operations, both retained and insured.

Communications – accounts for centralized telecommunications operations.

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:

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Pension trust funds include:

- Retirement System for General Employees,
- Retirement System for Police and Fire, and
- Retirement System for Non-Civil Service Employees

General Agency fund – this fund accounts for general deposits held in trust until obligations are met or refunds are made.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City also has the option of following subsequent private-sector guidance for business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

1. Transactions for service 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. Likewise, general revenues include all taxes.

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 storm water utility enterprise fund, of the water and sewer enterprise fund, of the parking system enterprise fund, of the convention center enterprise fund, of the sanitation enterprise fund, of the Miami Beach redevelopment parking enterprise fund, of the Miami Beach redevelopment leasing enterprise fund, 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.

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SEPTEMBER 30, 2002
(Continued)

D. Assets, liabilities, and net assets or equity

1. *Deposits and investments*

The City maintains an accounting system in which substantially all cash and investments are recorded in a separate group of accounts. All such cash and investments are reflected as pooled cash and investments. Cash and investments consist of demand deposits with banks, United States Treasury Obligations, State or Municipal obligations, Commercial Paper, Money Market Funds, and Repurchase Agreements.

The cash and investments for the retirement system are maintained in separate cash and investment balances. The retirement system investments are held in United States Treasury Obligations, loans guaranteed by Government agencies, 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 investments are stated at fair value as determined by closing market prices at the end of the fiscal year.

For the purpose of the Statement of Cash Flows for the Proprietary Fund Types, cash and cash equivalents mean short term, highly liquid investments with an original maturity of three months or less.

Investments are recorded at fair value, except for those investments with remaining maturities of one year or less at the time of purchase are recorded at amortized cost. The City calculated the unrealized gain or loss for investments with remaining maturities of more than one year at the time of purchase and determined that the amount of net unrealized loss is immaterial for the fiscal year ended September 30, 2002. Thus, the City records all investments, except retirement system investments, at cost.

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. Account receivables in excess of 90 days comprise the allowance for uncollectibles.

Following are the significant components of the receivables due to the City at September 30, 2002:

- a. Water, Sewer and Waste Fees - This amount represents the unpaid, billed charges for various fines and municipal services;
- b. Fines and Assessments - This amount represents the unpaid, billed charges for various fines and assessments levied for violations of various City code provisions;
- c. Notes Receivable - This amount represents amounts due as evidenced by loan agreements from two special revenue and one capital projects fund to outside entities;
- d. Delinquent Taxes Receivable – Taxes are due November 1 and become delinquent April 1 of each year. This amount represents amounts levied but uncollected at September 30, 2002; and
- e. Accrued Interest Receivable - This amount represents the interest earned but not collected on City investments at yearend.

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3. *Inventories, prepaid and deferred items*

Inventories are stated at cost. Cost is determined principally by the average cost method, which approximates the first-in, first-out method. Inventories are accounted for on the consumption basis. Fund balance has been reserved for the amount of inventories since they are not available for appropriation and expenditure as of September 30, 2002.

Expenditures made for services that will benefit periods beyond September 30, 2002 are recorded as prepaid items and deferred items in both the government-wide and fund financial statements. And, 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, of the 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 balance sheet 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).

Cash in the self-insurance internal service fund is restricted for claims and judgments made against the City for accidental losses for which the City is self-insured.

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. Capital assets are defined by the City as assets with an initial, individual cost of \$500 or more, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or at valuations, which approximate cost. 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 extends 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. The total interest expense incurred by the storm water utility enterprise fund was \$2,736,421 of which \$386,247 was included as part of the cost of capital assets under construction. The total interest expense incurred by the water and sewer utility enterprise fund was \$2,463,560, of which \$2,197,019 was included as part of the cost of capital assets under construction. The total interest expense incurred by the parking system enterprise fund was \$1,056,551, of which \$364,169 was included as part of the cost of capital assets under construction.

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

Buildings	30-60 years
Improvements	10-60 years
Equipment	2-20 years

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(Continued)

6. *Compensated Absences*

The City's vacation and sick leave policies grant a specific number of days of annual and sick leave with pay. In addition, these policies provide for paying a regular employee after a six-month probationary period for accumulated, unused annual and sick leave upon termination.

For regular employees hired before October 1, 1978, the accumulated annual and sick leave is limited to a maximum of 2,088 hours. For an employee that belongs to the Internal Association of Fire Fighters (IAFF) and works a 24 hour shift, the accumulated annual and sick leave is limited up to a maximum of 2,496 hours.

For regular employees hired after October 1, 1978, the accumulated annual and sick pay to be paid upon termination is limited to a maximum of 480 hours of unused annual and one-half of 1200 hours of accumulated sick (600 hours). Therefore, the maximum combined payment of unused annual and sick leave is 1,080 hours.

For IAFF employees hired before October 1, 1978, and work a 24 hour shift, the accumulated annual and sick leave payout is limited to a maximum of 720 hours of unused annual, and a maximum of 270 hours of accumulated sick. The accumulated sick is paid at 100% for the first 180 hours, and at fifty percent for the remaining 180 hours (90 hours) for a total of 270 hours. Therefore, the maximum combined payment of unused annual and sick leave is 990 hours.

For IAFF employees hired after October 1, 1978 and works a regular shift, the accumulated annual and sick leave payout is limited to a maximum of 480 hours and a maximum of 180 hours of accumulated sick. The accumulated sick is paid at 100% for the first 120 hours, and 50% for the remaining unused hours up to 120 hours (60 hours) for a total of 180 hours. Therefore, the maximum combined payment of unused annual and sick leave is 660 hours,

7. *Long-term obligations*

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

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

8. *Fund Equity*

- a. Reserved Fund Balance - A fund balance reservation indicates that this portion of fund equity has been segregated for specific or legal purposes or is not otherwise available for appropriation, such as encumbrances, which are purchase order commitments for the expenditures of monies recorded in order to reserve that portion of the applicable appropriation in the governmental funds. They do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year; and
- b. Designated Fund Balance - A fund balance designation indicates that this portion of fund equity has been segregated based on tentative plans of the City; and

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c. Undesignated Fund Balance - This portion of fund equity is available for any lawful use by the City.

9. *Use of estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

II. Stewardship, compliance, and accountability

Changes in accounting principles

In fiscal year 2002 the City adopted the following statements of financial accounting standards issued by GASB:

1. Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments
2. Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, and amendment of GASB Statements No. 21 and 34
3. A portion of Statement No. 38, Certain Financial Statement Note Disclosures
4. Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statement

Statement No. 34 (as amended by Statement No. 37) represents a very significant change in the financial reporting model used by state and local governments.

Statement No. 34 requires government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements (i.e. the statement of net assets and the statement of activities) do not provide information by fund or account group, but distinguish between the City's governmental activities and business type activities. Significantly, the statement of net assets will include noncurrent assets which were previously recorded in the General Fixed Asset Account Group. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets. Also, for the most part, the effect of the interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers who purchase, use, or benefit from the services provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment, and (3) interest income that is restricted for use on a particular function or segment. Unrestricted interest income and other items not properly included among program revenues are reported as general revenues.

In addition to the government-wide financial statements, the City has prepared separate financial statements for governmental funds, proprietary funds and fiduciary funds. Governmental fund financial statements continue to use the modified accrual basis of accounting and the current financial resources measurement focus. Proprietary and fiduciary fund financial statements continue to use the accrual basis of accounting, and the economic resources measurement focus. Accordingly, the accounting and financial reporting of the fund financial statements is similar to the previously presented in the City's financial statements, although the format of the financial statements has been modified by Statement No. 34. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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Statement No. 34 also requires, as a component of required supplementary information, Management's Discussion and Analysis which includes an analytical overview of the City's financial activities.

Statement No. 38 requires certain disclosures to be made in the Notes to the Financial Statements concurrent with the implementation of Statement No. 34. While the Statement did not affect amounts reported in the financial statements of the City, certain note disclosures have been added and or amended including descriptions of activities of major funds, future debt service obligations in five year increments, and interfund balances and transactions.

Interpretation No. 6 requires certain long-term liabilities to be recorded in the Governmental fund statements only if the amount is due for payment in the period being reported. The City had unpaid amounts due at September 30, 2002.

III. Detailed notes on all funds

A. Deposits and Investments

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.

The City's investments are classified as to credit risk and are summarized below:

Category 1 – Insured or registered, or securities held by the City or its agent in the City's name.

Category 2 – Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category 3 – Uninsured and unregistered, with securities held by the counterparty, or by the counterparty's trust department or agent, but not in the City's name.

Accordingly, all cash and time deposits held by banks can be classified as Category 1 credit risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements". This means they are fully insured or collateralized with securities held by the City or by its agent in the City's name.

The City has adopted an ordinance designating the investments which are allowable for its cash management activities. The policy specifies the types and limits by instruments and establishes a diversified investment objective that takes into consideration the safety, return, and liquidity of capital. The authorized investments include direct United States Treasury obligations, United States government agencies, corporate bonds, state or municipal obligations, commercial paper and repurchase agreements. All City investments, except for swap agreements must be held in an independent custodial account. The custodial account will not be utilized to buy or sell investments for the City. These investments are insured or registered, or the securities held by the City or its agent in the City's name.

The City's cash management investments at year end (including restricted cash and cash with paying agent) and the level of risk assumed by the City are shown below:

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	<u>Carrying Amount/ Fair Value</u>	<u>Risk Category</u>
U.S. government agencies	\$ 92,051,911	1
Commercial paper	30,683,805	1
Guaranteed investment contracts	104,704,742	1
Common stock	15,955	1
Money market deposits	97,324,646	1
Repurchase agreements	<u>43,886,590</u>	1
Total City cash management investments	<u>368,667,649</u>	
City funds managed by others and cash:		
Money market deposits	<u>133,882</u>	1
Total cash and investments	<u>\$ 368,801,531</u>	

Schedule of Cash & Investments by Major Funds:

General	\$ 24,338,274
Resort Tax	4,508,904
Redevelopment Agency	19,283,918
Capital Projects	66,962,175
Storm Water	56,504,842
Water and Sewer	73,933,597
Parking	44,418,790
Convention Center Complex	21,335,032
Agency Fund	2,653,945
Nonmajor Funds	<u>54,862,054</u>
Total Cash & Investments	<u>\$ 368,801,531</u>

The City has adopted ordinances which govern the investment of funds for all of the Employee's Retirement systems. These investments include United States Treasury obligations, loans guaranteed by government agencies, 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.

As of September 30, 2002, the level of credit risk of the Plan's investments is in Category 1 as defined by the Governmental Accounting Standards Board Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements", which includes investments that are insured or registered or securities held by the plan or its agent in the Plan's name. There are no investments, loans to or leases with parties related to the pension plan. There were no investments in any one company which individually exceeded 5% of the net assets available for plan benefits.

The investments of the Retirement Systems and the level of risk assumed are presented below:

	<u>Carrying Amount/ Fair Value</u>	<u>Risk Category</u>
Common stock	\$ 379,245,358	1
Corporate bonds	185,388,971	1
Money market deposits	1,101,903	1
U. S. government securities	63,088,497	1
Short-term debt	19,198,099	1
Cash	<u>380,299</u>	1
Total cash and investments	<u>\$ 648,403,127</u>	

B. Receivables

Receivables as of September 30, 2002 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:

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(Continued)

Governmental Activities							
	General	Resort Tax	Redeve- lopment Agency	Capital Projects	Internal Service	Nonmajor Funds	Totals
Receivables:							
Accounts	\$5,750,784	\$1,179,752	\$16,572	\$	\$90,501	\$1,538,445	\$8,576,054
Interest	670,098			92,499		9,572	772,169
Notes		46,088					46,088
Taxes	179,487					44,303	223,790
Gross receivables	6,600,369	1,225,840	16,572	92,499	90,501	1,592,320	9,618,101
Less: allowance for uncollectible	1,229,463				15,210	35,904	1,280,577
Net Total Receivables	<u>\$5,370,906</u>	<u>\$1,225,840</u>	<u>\$16,572</u>	<u>\$92,499</u>	<u>\$75,291</u>	<u>\$1,556,416</u>	<u>\$8,337,524</u>

Business-type Activities						
	Storm Water	Water and Sewer	Parking	Convention Center Complex	Nonmajor Funds	Totals
Receivables:						
Accounts	\$639,534	\$8,158,585	\$605,815	\$707,634	\$986,019	\$11,097,587
Less: allowance for uncollectible	259,426	1,710,259	26,219		255,898	2,251,802
Net Total Receivables	<u>\$380,108</u>	<u>\$6,448,326</u>	<u>\$579,596</u>	<u>\$707,634</u>	<u>\$730,121</u>	<u>\$8,845,785</u>

The City's governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Revenue recognition in connection with resources that have been received, but not yet earned, are also deferred in the City's governmental funds.

Property values are assessed (levied) at fair market value (100%) 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 #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, 2002
(Continued)

C. Capital assets

Capital asset activity for the year ended September 30, 2002 was as follows:

Primary Government	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 77,403,771	\$	\$	\$ 77,403,771
Construction in progress	<u>89,846,869</u>	<u>18,585,856</u>	<u>1,681,899</u>	<u>106,750,826</u>
Total capital assets, not being depreciated	<u>167,250,640</u>	<u>18,585,856</u>	<u>1,681,899</u>	<u>184,154,597</u>
Capital assets, being depreciated:				
Buildings	113,498,057			113,498,057
Permanent improvements	68,638,110			68,638,110
Furniture and fixtures	1,220,587	205,323	33,712	1,392,198
Equipment	44,237,685	7,001,921	3,990,009	47,249,597
Infrastructure	<u>116,795,794</u>			<u>116,795,794</u>
Total capital assets being depreciated	344,390,233	7,207,244	4,023,721	347,573,756
Less accumulated depreciated for:				
Buildings	32,323,023	2,128,116		34,451,139
Permanent improvements	58,224,023	1,309,390		59,533,413
Furniture and fixtures	794,365	140,020	2,399	931,986
Equipment	29,663,351	5,425,045	3,058,787	32,029,609
Infrastructure	<u>66,324,931</u>	<u>3,964,452</u>		<u>70,289,383</u>
Total accumulated depreciation	<u>187,329,693</u>	<u>12,967,023</u>	<u>3,061,186</u>	<u>197,235,530</u>
Total capital assets, being depreciated, net	<u>157,060,540</u>	<u>(5,759,779)</u>	<u>962,535</u>	<u>150,338,226</u>
 Governmental activities capital assets, net	 <u>\$324,311,180</u>	 <u>\$12,826,077</u>	 <u>\$ 2,644,434</u>	 <u>\$334,492,823</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Storm Water				
Capital assets, not being				
Depreciated:				
Land				
Construction in progress	\$ 2,909,919	\$ 1,921,644	\$ 183,366	\$ 4,648,197
Capital assets, being				
depreciated:				
Storm sewers		183,366		183,366
Furniture equipment and	872,600	13,749		886,349
vehicles				
Total capital assets, being	872,600	197,115		1,069,715
depreciated				
Less accumulated				
depreciation for:				
Storm sewers		1,528		1,528
Furniture, equipment	617,405	68,544		685,949
and vehicles				
Total accumulated	617,405	70,072		687,477
depreciation				
Total capital assets, being	255,195	127,043		382,238
depreciated, net				
Storm water capital assets	\$ 3,165,114	\$ 2,048,687	\$ 183,366	\$ 5,030,435
net				
Water & Sewer				
Capital assets, not being				
Depreciated:				
Land	\$ 1,492,598	\$	\$	\$ 1,492,598
Construction in progress	52,202,557	8,682,639	1,012,947	59,872,249
Total capital assets, not				
Being depreciated	53,695,155	8,682,639	1,012,947	61,364,847
Capital assets, being				
Depreciated:				
Mains and lines	38,841,782	266,333		39,108,115
Buildings and structures	7,292,177			7,292,177
Meters and hydrants	9,068,302	746,614		9,814,916
Furniture equipment and				
vehicles	13,730,095	444,553		14,174,648
Total capital assets, being	68,932,356	1,457,500		70,389,856
depreciated				
Less accumulated depreciation for:				
Mains and lines	17,940,063	641,421		18,581,484
Buildings and structures	2,778,952	121,130		2,900,082
Meters and hydrants	4,468,088	205,600		4,673,688
Furniture, equipment				
and vehicles	7,980,769	646,180		8,626,949
Total accumulated	33,167,872	1,614,331		34,782,203
depreciation				
Total capital assets, being	35,764,484	(156,831)		35,607,653
Depreciated, net				
Water and sewer capital	\$ 89,459,639	\$ 8,525,808	\$ 1,012,947	\$ 96,972,500
assets				

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Parking Department				
Capital assets, not being Depreciated:				
Land	\$ 15,519,201	\$	\$	\$ 15,519,201
Construction in progress	<u>13,480,630</u>	<u>1,211,475</u>	<u>4,476,246</u>	<u>10,215,859</u>
Total capital assets, not Being depreciated	<u>28,999,831</u>	<u>1,211,475</u>	<u>4,476,246</u>	<u>25,735,060</u>
Capital assets, being Depreciated:				
Buildings and structures	21,133,721	4,331,486		25,465,207
Parking Meters	2,680,094			2,680,094
Furniture equipment and vehicles	1,242,533	312,847	79,581	1,475,799
Improvements other than buildings	<u>1,679,186</u>	<u>2,390,318</u>	<u> </u>	<u>4,069,504</u>
Total capital assets, being depreciated	<u>26,735,534</u>	<u>7,034,651</u>	<u>79,581</u>	<u>33,690,604</u>
Less accumulated depreciation for:				
Buildings and structures	8,600,459	772,192		9,372,651
Parking Meters	1,400,010	512,034		1,912,044
Furniture, equipment and vehicles	702,784	205,547	79,581	828,750
Improvements other than buildings	<u>1,672,130</u>	<u>43,526</u>	<u> </u>	<u>1,715,656</u>
Total accumulated depreciation	<u>12,375,383</u>	<u>1,533,299</u>	<u>79,581</u>	<u>13,829,101</u>
Total capital assets, being Depreciated, net	<u>14,360,151</u>	<u>5,501,352</u>	<u> </u>	<u>19,861,503</u>
Parking department capital assets, net	<u>\$ 43,359,982</u>	<u>\$ 6,712,827</u>	<u>\$ 4,476,246</u>	<u>\$ 45,596,563</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Convention Center				
Capital assets, not being Depreciated:				
Land	\$ 2,089,371	\$	\$	\$ 2,089,371
Construction in progress	<u>18,843,115</u>	<u>2,644,989</u>	<u>15,163,743</u>	<u>6,324,361</u>
Total capital assets, not Being depreciated	<u>20,932,486</u>	<u>2,644,989</u>	<u>15,163,743</u>	<u>8,413,732</u>
Capital assets, being Depreciated:				
Buildings and structures	139,945,406	13,823,549	128,514	153,640,441
Furniture equipment and vehicles	<u>4,784,606</u>	<u>1,254,694</u>	<u>77,718</u>	<u>5,961,582</u>
Total capital assets, being depreciated	<u>144,730,012</u>	<u>15,078,243</u>	<u>206,232</u>	<u>159,602,023</u>
Less accumulated depreciation for:				
Buildings and structures	36,615,741	3,235,218	58,538	39,792,421
Furniture, equipment and vehicles	<u>4,732,981</u>	<u>194,387</u>	<u>147,694</u>	<u>4,779,674</u>
Total accumulated depreciation	<u>41,348,722</u>	<u>3,429,605</u>	<u>206,232</u>	<u>44,572,095</u>
Total capital assets, being Depreciated, net	<u>103,381,290</u>	<u>11,648,638</u>	<u></u>	<u>115,029,928</u>
Business-type activities Capital assets, net	<u>\$124,313,776</u>	<u>\$ 14,293,627</u>	<u>\$ 15,163,743</u>	<u>\$ 123,443,660</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Non-Major				
Capital assets, not being Depreciated:				
Land	\$ 3,408,961	\$ _____	\$ _____	\$3,408,961
Capital assets, being Depreciated:				
Buildings and structures	13,397,987			13,397,987
Furniture equipment and vehicles	<u>1,867,876</u>	<u>400,366</u>	<u>381,416</u>	<u>1,886,826</u>
Total capital assets, being depreciated	<u>15,265,863</u>	<u>400,366</u>	<u>381,416</u>	<u>15,284,813</u>
Less accumulated depreciation for:				
Buildings and structures	1,209,167	437,561		1,646,728
Furniture, equipment and vehicles	<u>866,271</u>	<u>212,113</u>	<u>319,083</u>	<u>759,301</u>
Total accumulated depreciation	<u>2,075,438</u>	<u>649,674</u>	<u>319,083</u>	<u>2,406,029</u>
Total capital assets, being Depreciated, net	<u>13,190,425</u>	<u>(249,308)</u>	<u>62,333</u>	<u>12,878,784</u>
Non major proprietary capital assets, net	<u>\$ 16,599,386</u>	<u>\$ (249,308)</u>	<u>\$ 62,333</u>	<u>\$ 16,287,745</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being Depreciated:				
Land	\$ 22,510,131	\$	\$	\$ 22,510,131
Construction in progress	<u>87,436,222</u>	<u>14,460,746</u>	<u>20,836,302</u>	<u>81,060,666</u>
Total capital assets, not Being depreciated	<u>109,946,353</u>	<u>14,460,746</u>	<u>20,836,302</u>	<u>103,570,797</u>
Capital assets, being Depreciated:				
Mains and lines	38,841,782	266,333		39,108,115
Buildings and structures	181,769,291	18,338,401	128,514	199,979,178
Meters and hydrants	11,748,396	746,614		12,495,010
Furniture equipment and Vehicles	22,497,711	2,426,209	538,715	24,385,205
Improvements other than buildings	<u>1,679,186</u>	<u>2,390,318</u>	<u> </u>	<u>4,069,504</u>
Total capital assets, being depreciated	<u>256,536,366</u>	<u>24,167,875</u>	<u>667,229</u>	<u>280,037,012</u>
Less accumulated depreciation for:				
Mains and lines	17,940,063	642,949		18,583,012
Buildings and structures	49,204,320	4,566,101	58,538	53,711,883
Meters and hydrants	5,868,097	717,633		6,585,730
Furniture, equipment and vehicles	14,900,212	1,326,772	546,359	15,680,625
Improvements other than buildings	<u>1,672,130</u>	<u>43,526</u>	<u> </u>	<u>1,715,656</u>
Total accumulated depreciation	<u>89,584,822</u>	<u>7,296,981</u>	<u>604,896</u>	<u>96,276,906</u>
Total capital assets, being Depreciated, net	<u>166,951,544</u>	<u>16,870,895</u>	<u>62,333</u>	<u>183,760,106</u>
Business type activities capital assets, net	<u>\$ 276,897,897</u>	<u>\$31,331,641</u>	<u>\$20,898,635</u>	<u>\$ 287,330,903</u>

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

Governmental activities:

General government	\$ 785,074
Public safety	1,538,358
Transportation	3,907,004
Economic environment	586,537
Human services	696
Culture and recreation	1,038,576
Capital assets held by the government's internal service funds are charged to The various functions based on their usage of the assets	<u>5,110,778</u>
Total depreciation expense – governmental activities	<u>\$12,967,023</u>

Business-type activities:

Storm water	\$ 70,072
Water and Sewer	1,614,331
Parking	1,533,299
Convention Center Complex	3,429,605
Nonmajor enterprise funds	<u>649,674</u>
Total depreciation expense – business-type activities	<u>\$ 7,296,981</u>

**CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(Continued)**

D. Construction commitments

The City has active construction projects as of September 30, 2002. The projects include citywide, water, waste water and storm water improvements; as well as a variety of streetscape enhancement projects.

At September 30, 2002, the City had in process various uncompleted construction projects with remaining balances totaling \$43,621,569.

E. Interfund receivables, payables and transfers

The composition of Interfund balances as of September 30, 2002 are as follows:

Due to/from other funds:

Receivable Fund	Payable Fund		
General Fund	Resort Tax	\$	1,648,393
	Miami Beach Redevelopment		106,388
	Capital Projects		474,566
	Nonmajor Government		132,879
	Nonmajor Enterprise		20,599
Miami Beach Redevelopment	General Fund		4,050
	Resort Tax		206,805
	Internal Service		9,604
Nonmajor Governmental Funds	General Fund		742
Internal Service Funds	Miami Beach Redevelopment		695
	Nonmajor Government		1,384
	Nonmajor Enterprise		<u>887</u>
Total		\$	<u>2,606,992</u>

Advance from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental Fund	<u>\$130,000</u>

Interfund transfers:

Transfers out:	Transfers In:								
	Total	General	Resort	M.B.	Capital			Nonmajor	
	Out	Fund	Tax	Redeve-	Projects	Parking	Govern-	Enterprise	Total In
General Fund	\$ 6,233,344	\$	\$	\$	\$ 395,753	\$	\$ 5,837,591	\$	\$ 6,233,344
Resort Tax	17,510,595	15,031,450		1,815,423	288,887		374,835		17,510,595
M.B. Redevelopment	18,804,335		2,174,881		5,218,213	450,000	10,961,241		18,804,335
Capital Projects	312,168						312,168		312,168
Storm Water	392,512						10,970	381,542	392,512
Water & Sewer	5,972						5,972		5,972
Parking	1,716,214						1,716,214		1,716,214
Nonmajor Governmental	538,326						538,326		538,326
Nonmajor Enterprise	53,428						53,428		53,428
Internal Service	69,472						69,472		69,472
Totals	<u>\$45,636,365</u>	<u>\$15,031,450</u>	<u>\$2,174,881</u>	<u>\$1,815,423</u>	<u>\$5,902,853</u>	<u>\$450,000</u>	<u>\$19,880,217</u>	<u>\$381,542</u>	<u>\$45,636,365</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(Continued)

F. Leases

1. Operating Leases

The City serves as the lessor for tenants leasing various building, office and retail facilities. The tenant leases are considered operating leases, which expire at various dates through fiscal year 2014. Future minimum lease receivables under the operating leases at September 30, 2002, are as follows:

<u>September 30</u>	Governmental Operating <u>Leases</u>	Business Type Operating <u>Leases</u>
2003	\$ 415,911	\$ 425,000
2004	356,253	425,000
2005	279,777	425,000
2006	61,726	425,000
2007	3,385	425,000
2008 and thereafter	<u>64,323</u>	<u>17,099,997</u>
	<u>\$1,181,375</u>	<u>\$19,224,997</u>

The Miami Beach Redevelopment Agency serves as the lessor for tenants leasing various retail facilities. The tenant leases are considered operating leases, which expire at various dates through fiscal year 2014. Future minimum lease receivables under the operating leases at September 30, 2002, are as follows:

<u>September 30</u>	Operating <u>Leases</u>
2003	\$ 656,374
2004	656,374
2005	656,374
2006	656,374
2007	656,374
2008 and thereafter	<u>2,830,994</u>
	<u>\$6,112,864</u>

2. Ground Lease

The Miami Beach Redevelopment Agency is the lessor in an agreement with a development company in which the Miami Beach Redevelopment Agency leases the land on which the Loews Hotel is located. The lease is an operating lease which commenced on December 24, 1998, and expires on December 24, 2098. Future minimum lease receivables under the operating leases at September 30, 2002, are as follows:

<u>September 30</u>	Operating <u>Leases</u>
2003	\$ 500,000
2004	500,000
2005	500,000
2006	500,000
2007	500,000
2008 and thereafter	<u>45,500,000</u>
	<u>\$48,000,000</u>

3. Capital Lease

The City is obligated under capital leases for parking meters, whose leases expire on December 18, 2003, February 12, 2004, February 18, 2004, and August 25, 2004, respectively. At September 30, 2002, the gross amount of parking meters and related accumulated amortization recorded under capital leases are

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(Continued)

\$2,560,169 and \$362,938 respectively. Amortization of these assets held under capital leases is included with depreciation expense.

<u>Year Ending</u> <u>September 30</u>	<u>Capital</u> <u>Leases</u>
2003	\$ 582,750
2004	244,335
Total minimum lease payments	827,085
Less: amount representing interest	32,374
Present value of net minimum capital lease payments	<u>\$ 794,711</u>

G. Long-Term debt

1. General Obligation Bonds – Governmental Activities

The City issues general obligation bonds to provide funds for the acquisition, construction and improvements of major capital facilities. General obligation bonds have been issued for governmental activities. The amount of outstanding general obligation bonds issued in prior years is \$ 99,360,000.

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, 2002 consist of the following:

<u>Issue Name</u>	<u>Interest Rates</u>	<u>Year</u> <u>Issued</u>	<u>Final</u> <u>Maturity</u>	<u>Original</u> <u>Issue</u>	<u>Outstanding</u> <u>9/30/02</u>
General Obligations	3.30-5.30	1992	2003	\$ 54,360,000	\$ 6,340,000
General Obligations	3.70-4.50	1997	2007	15,000,000	8,375,000
1985B Gulf Breeze	Variable	2000	2013	15,910,000	15,005,000
1985E Gulf Breeze	Variable	2000	2020	<u>14,090,000</u>	<u>14,090,000</u>
Total General Obligation Bonds				<u>\$ 99,360,000</u>	<u>\$ 43,810,000</u>

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

<u>Fiscal Year</u> <u>Ending</u> <u>September 30</u>	<u>General Obligation Bonds</u> <u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 7,285,000	\$ 2,233,801	\$ 9,518,801
2004	5,515,000	1,851,814	7,366,814
2005	3,890,000	1,608,258	5,498,258
2006	1,590,000	1,433,783	3,023,783
2007	1,645,000	1,356,740	3,001,740
2008-2012	6,635,000	5,722,525	12,357,525
2013-2017	8,550,000	3,726,005	12,276,005
2018-2021	<u>8,700,000</u>	<u>1,036,550</u>	<u>9,736,550</u>
	<u>\$ 43,810,000</u>	<u>\$ 18,969,476</u>	<u>\$62,779,476</u>

The City's \$15,000,000 General Obligation Bonds, Series 1996, will be repaid solely from ad-valorem taxes assessed, levied and collected. They are registered transcripts, and insured. The bonds were issued to construct, renovate and rebuild parks and recreation facilities within the City's park system.

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(Continued)

2. Special Obligation Bonds – Governmental Activities

As of September 30, 2002 the outstanding principal of special obligation bond issues and repayment sources were as follows:

<u>Issue Name</u>	<u>Repayment Source</u>	<u>Total Outstanding Principal</u>
1996 Resort Tax Revenue Refunding Bonds	2% Resort Tax	\$ 3,590,000
1985B Gulf Breeze Fixed rate	Annual Appropriation	2,200,000
1985C Gulf Breeze Fixed rate	Annual Appropriation	14,301,954
1985E Gulf Breeze Fixed rate	Annual Appropriation	22,500,000
1994 Sunshine State VRDS	Annual Appropriation	6,265,000
1994 Pension Obligation Bonds	Annual Appropriation	46,765,000
1989 Tax Increment Revenue Bonds	RDA Tax Increment Revenue	2,210,000
1993 Tax Increment Revenue Bonds	RDA Tax Increment Revenue	21,215,000
1996 Tax Increment Revenue Bonds	RDA Tax Increment Revenue	41,430,000
1998 Tax Increment Revenue Bonds	RDA Tax Increment Revenue	<u>35,975,000</u>
Total Special Obligation Bonds		<u>\$196,451,954</u>

On March 1, 1995, the City entered into a ten-year interest rate swap agreement for its variable-rate 1994 Series Special Obligation Bonds. The City entered into this agreement to help stabilize its interest cost. Based on the swap agreement the City would owe interest at a fixed rate of 8.27% to the counterparty to the swap. In return the counterparty would owe the City interest based on a variable rate that matches the rate required by the bonds. The City issued \$57.7 million in bond principal that is not exchanged. As of September 30, 2002, no amounts are owed to the City or the counterparty.

On July 1, 1998, the Miami Beach Redevelopment Agency issued \$29,105,000 (Series 1998A) and \$9,135,000 (Series 1998B) in tax increment bonds. These bonds are secured by a lien on and pledge of the Pledged Funds, which include: (a) the Net Trust Fund Revenues received by the Agency from the Redevelopment Area; (b) the portion of the proceeds of the City's municipal resort tax levied and collected by the City and received by the Trustee; and (c) moneys and investments in the funds and accounts created under the resolution. The Series 1998A bonds were issued with interest rates of 6.7 percent to 7.0 percent payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2022. The Series 1998B bonds were issued with interest rates of 3.6 percent to 5.2 percent payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2022. The bonds are subject to a trust indenture which requires that annual debt service requirements be fully funded upon receipt of Trust Fund Revenue and Supplemental Revenue, and that any shortage shall be funded based on the Supplemental Revenue Resolution.

Loan Pool

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

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(Continued)

A portion of the Gulf breeze 1985 C outstanding debt relates to the construction of a Parking Garage. The Parking Enterprise Fund includes an outstanding amount of \$8,143,046 that relates to this debt.

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

DEBT SERVICE REQUIREMENTS - SPECIAL OBLIGATION BONDS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 7,061,012	\$ 13,429,243	\$ 20,490,255
2004	6,874,686	12,969,778	19,844,464
2005	7,079,732	12,524,646	19,604,378
2006	6,646,592	12,063,456	18,710,048
2007	7,064,824	11,644,000	18,708,824
2008-2012	42,501,716	50,768,580	93,270,296
2013-2017	55,198,392	34,235,356	89,433,748
2018-2022	54,990,000	13,501,852	68,491,852
2023	9,035,000	332,085	9,367,085
	<u>\$196,451,954</u>	<u>\$161,468,996</u>	<u>\$357,920,950</u>

3. Revenue bonds

a. Parking Fund

The Parking Revenue Fund had the following changes in its current and Long-Term debt outstanding for the year ended September 30, 2002:

<u>Indebtedness</u>	<u>Balance</u> <u>10/1/01</u>	<u>Debt</u> <u>Repaid</u>	<u>Balance</u> <u>9/30/02</u>
Special Obligation Bonds	<u>\$ 35,963,046</u>	<u>\$ 800,000</u>	<u>\$ 35,163,046</u>

Parking Revenue Fund indebtedness at September 30, 2002, is comprised of the following issued indebtedness:

\$10,795,000	1996 Special Obligation Refunding Bonds due in annual installments through 2009: interest at 3.2% and 5.0%	<u>\$ 6,230,000</u>
\$21,000,000	1997 Special Obligation Bonds due in annual installments through 2022: interest at 4.00% - 5.125%	<u>\$ 20,790,000</u>
\$ 8,143,046	2001 Gulf Breeze Loan Pool due in annual installments through 2015: interest at 3.875% - 4.75%	<u>\$ 8,143,046</u>

The aggregate maturities of Long-Term Debt as of September 30, 2002, are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Bonded Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 1,268,988	\$ 1,681,861	\$ 2,950,849
2004	1,325,314	1,625,739	2,951,053
2005	1,380,268	1,565,945	2,946,213
2006	1,443,408	1,503,471	2,946,879
2007	1,510,176	1,437,779	2,947,955
2008-2012	8,658,284	6,046,606	14,704,890
2013-2017	10,181,608	3,720,969	13,902,577
2018-2022	<u>9,395,000</u>	<u>1,492,401</u>	<u>10,887,401</u>
	35,163,046	19,074,771	54,237,817
Less: Unamortized Bond Discount	<u>766,389</u>		<u>766,389</u>
	<u>\$ 34,396,657</u>	<u>\$ 19,074,771</u>	<u>\$ 53,471,428</u>

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(Continued)

b. Water and Sewer Fund

The Water & Sewer Fund issued \$59,060,000 in Water and Sewer Revenue Bonds, Series 1995, on June 8, 1995. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The bonds were issued to construct various improvements and extensions to the Water and Sewer utility. Indebtedness of the Water and Sewer Fund at September 30, 2002 is as follows:

\$59,060,000	1995 Revenue Bonds Due in annual installments through 2015: Interest at 4.20% - 5.40%	<u>\$ 44,480,000</u>
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The Water & Sewer Fund issued \$54,310,000 in Water and Sewer Revenue Bonds, Series 2001, on September 1, 2001. 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. Indebtedness of the Water and Sewer Fund at September 30, 2002 is as follows:

\$54,310,000	2000 Revenue Bonds Due in annual installments through 2030: Interest at 5.00% - 5.75%	<u>\$ 54,310,000</u>
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The aggregate maturities of Long-term debt as of September 30, 2002 are as follows:

<u>Year Ending September 30</u>	Bonded Debt		
	Principal	Interest	Total
2003	\$ 2,480,000	\$ 5,304,122	\$ 7,784,122
2004	2,605,000	5,183,223	7,788,223
2005	2,735,000	5,052,972	7,787,972
2006	2,875,000	4,913,488	7,788,488
2007	3,020,000	4,766,143	7,786,143
2008-2012	17,700,000	21,232,145	38,932,145
2013-2017	18,025,000	16,059,068	34,084,068
2018-2022	15,000,000	11,823,063	26,823,063
2023-2027	19,740,000	7,086,987	26,826,987
2028-2030	<u>14,610,000</u>	<u>1,484,750</u>	<u>16,094,750</u>
	98,790,000	82,905,961	181,695,961
Less: Unamortized Bond Discount	<u>1,335,294</u>		<u>1,335,294</u>
	<u>\$ 97,454,706</u>	<u>\$ 82,905,961</u>	<u>\$ 180,360,667</u>

c. Storm Water

The Storm Water Fund issued \$52,170,000 in Storm Water Revenue Bonds, Series 2000, on November 7, 2000. The bonds will be repaid solely from pledged revenues of the Storm Water System. They are registered transcripts and insured. The bonds were issued to construct certain improvements to the Storm Water utility. Indebtedness of the Storm Water Fund at September 30, 2002 is as follows:

\$52,170,000	2000 Storm Water Revenue Bonds Due in annual installments through 2030: Interest at 4.5%-5.75%	<u>\$51,335,000</u>
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CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(Continued)

The aggregate maturities of Long-term debt as of September 30, 2002 are as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 870,000	\$ 2,698,846	\$ 3,568,846
2004	910,000	2,659,696	3,569,696
2005	950,000	2,618,746	3,568,746
2006	995,000	2,575,997	3,570,997
2007	1,040,000	2,531,221	3,571,221
2008-2012	5,960,000	11,889,621	17,849,621
2013-2017	7,740,000	10,108,569	17,848,569
2018-2022	10,130,000	7,714,656	17,844,656
2023-2027	13,085,000	4,758,100	17,843,100
2028-2030	<u>9,655,000</u>	<u>1,056,188</u>	<u>10,711,188</u>
	51,335,000	48,611,640	99,946,640
Less: Unamortized Bond Discount	<u>623,214</u>	<u>623,214</u>	<u>623,214</u>
	<u>\$50,711,786</u>	<u>\$48,611,640</u>	<u>\$99,323,426</u>

4. Due to Developer

Amount classified as "due to developer" represents the estimated amount of the cost that the Agency is legally required to perform based on a settlement agreement. The settlement agreement calls for specific performance by the Agency, which includes, but not limited to, the following:

- a. Provide an additional 485 parking spaces for both the south and north parcels of the property. In addition, provide for laundry and bathroom facilities on the north parcel of the property;
- b. Provide valet service for the Marina during construction on the north parcel of the property;
- c. Responsible for the seawall along the property;
- d. Release a utility easement in favor of the City across the "Diamond C Parcel";
- e. Responsible for improving the "Alaska Parcel" for temporary parking for the construction on the north parcel of the property;
- f. Provide for use of sidewalk and the westernmost lane of Alton Road to be used as staging areas for construction on the north parcel of the property; and
- g. Remove a pump station on the north parcel of the property.

As of September 30, 2002, the estimated cost of such performance as per the settlement agreement was approximately \$6 million.

5. Loans

The Parking Enterprise Fund purchased an office building which will be reimbursed by the General Fund in the amount of \$4.2 million. The General Fund will reimburse the Parking Enterprise Fund from the net operating income generated from the building's rental tenants. Terms of repayment will be amortized over a nine year period at an assumed interest rate of 3%; actual rate will be set annually to match the City's interest rate of return.

In October 2001, the City entered into a loan agreement that allows the City to be reimbursed for purchases of machinery and equipment up to a maximum of \$21,000,000. The interest is calculated at funding at ninety day LIBOR rates times 64%, plus spreads for the specified life terms. As of September

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(Continued)

30, 2002, the City was indebted for \$2,008,077. This indebtedness has been recorded as a liability in the following funds:

Internal Service	\$ 1,124,559
Other Enterprise	<u>883,518</u>
	<u>\$ 2,008,077</u>

6. Other Obligations

On June 23, 2000, the City issued a Non-ad Valorem Revenue Note, Series 2000, to Florida Power & Light Company ("FPL") in the amount of \$3,941,059 with an annual interest rate not to exceed 4.75 percent. The note is for a ten year period and interest and principal payments of \$248,857 are due on the first day of June and December of each year until June 1, 2009. The City issued the note to finance a contribution to aid construction of an underground electric transmission line within the City limits. The aggregate maturities of long-term obligation under this note are as follows:

<u>Year Ending</u> <u>September, 30</u>	<u>Long-term</u> <u>Obligation</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 704,106	\$ 141,851	\$ 845,957
2004	421,141	118,387	539,528
2005	398,261	99,453	497,714
2006	417,403	80,311	497,714
2007	437,466	60,249	497,715
2008 -2009	<u>939,021</u>	<u>56,409</u>	<u>995,430</u>
	<u>\$ 3,317,398</u>	<u>\$ 556,660</u>	<u>\$3,874,058</u>

On March 24, 2000, the City issued a Subordinate Resort Tax Revenue Note, Series 2000, to a financial institution in the amount of \$1,294,000 to be used as a line of credit, with an annual interest rate of 4.6%. The note is for a five-year period and will be repaid by using one twelfth of the additional 1% Resort Tax revenue. Principal payments are due the first day of December of each year, commencing on December 1, 2000 and ending on December 1, 2003, in the amount of 20% of outstanding principal amount. Interest payments on the outstanding principal balance are due semiannually, which commenced on June 1, 2000. The City may draw from the \$1,294,000 in increments of \$25,000, with a minimum of \$100,000 per draw in order to finance a beautification project. As of September 30, 2001, the City was indebted for \$9,600.

On September 27, 2000, the City was granted a \$4,000,000 Section 108 U. S. Housing and Urban Development loan. The City drew down \$1,000,000 of this loan for improvements to the North Shore Park and Youth Center. As of September 30, 2002, \$3,000,000 was available to draw on, and the outstanding balance on the amount drawn was \$375,000.

In addition to the loan the City was approved for a \$ 1,000,000 Economic Development Initiatives (EDI) Grant. The EDI Program supports the viability of economic development activities that create revitalized urban environments by funding projects to create jobs, improve public facilities and/or infrastructure. The EDI program enhances the viability of Section 108-funded projects by helping to reduce the risks associated with such large scale loans by providing additional cash flow. The City will use these funds to pay the interest related to the loan.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(Continued)

7. Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2002, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation	\$ 50,985,000	\$	\$ 7,175,000	\$ 43,810,000	\$ 7,285,000
Special obligation	<u>201,359,954</u>	<u> </u>	<u>4,908,000</u>	<u>196,451,954</u>	<u>7,061,012</u>
Total bonds payable	<u>252,344,954</u>	<u> </u>	<u>12,083,000</u>	<u>240,261,954</u>	<u>14,346,012</u>
Due to developer	9,227,733		3,322,587	5,905,146	3,048,000
Claims and judgments	13,711,000	5,792,000	4,722,000	14,781,000	4,675,000
Compensated absences	10,530,855	3,575,220	1,185,586	12,920,489	1,000,000
Other obligations	3,985,261		667,863	3,317,398	704,107
Loan Payable	<u> </u>	<u>1,215,619</u>	<u>91,060</u>	<u>1,124,559</u>	<u>186,952</u>
Governmental activity					
Long-term liabilities	<u>\$289,799,803</u>	<u>\$10,582,839</u>	<u>\$22,072,096</u>	<u>\$278,310,546</u>	<u>\$23,920,071</u>
Business-type activities:					
Revenue bonds payable	\$189,293,046	\$	\$ 4,005,000	\$185,288,046	\$ 4,618,988
Less deferred amounts:					
For issuance discounts					
On refunding	<u>(2,865,992)</u>	<u> </u>	<u>141,095</u>	<u>(2,724,897)</u>	<u> </u>
Total bonds payable	<u>186,427,054</u>	<u> </u>	<u>4,146,095</u>	<u>182,563,149</u>	<u>4,618,988</u>
Loan Payable		947,612	64,094	833,518	131,614
Capital leases	1,320,466		525,755	794,711	554,134
Compensated absences	<u>678,381</u>	<u>305,928</u>	<u>232,559</u>	<u>751,750</u>	<u>232,559</u>
Business-type activity					
Long-term liabilities	<u>\$188,425,901</u>	<u>\$ 1,253,540</u>	<u>\$ 4,968,503</u>	<u>\$184,993,128</u>	<u>\$ 5,537,295</u>

The City's internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$700,793 of internal service funds compensated absences are included in the above amounts.

8. Restricted assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

	<u>Storm Water</u>	<u>Water and Sewer</u>	<u>Parking</u>	<u>Convention Center Complex</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Customer deposits	\$	\$ 5,103,455	\$ 41,068	\$ 1,481,812	\$ 55,360	\$ 6,681,695
Interlocal agreement				16,131,553		16,131,553
Revenue bonds						
construction	50,945,263	64,445,862	17,400,732			132,791,857
Revenue bonds current						
debt service	3,568,846	2,600,000	2,180,681			8,349,527
Revenue bonds future						
debt service	<u>3,367</u>	<u> </u>	<u>1,443,344</u>	<u> </u>	<u> </u>	<u>1,446,711</u>
Total restricted assets	<u>\$ 54,517,476</u>	<u>\$72,149,317</u>	<u>\$21,065,825</u>	<u>\$17,613,365</u>	<u>\$ 55,360</u>	<u>\$165,401,343</u>

G. Other Information

1. Risk Management

The City is exposed to various risks of loss from civil liability to other parties (automobile liability, general liability, police professional liability, public official liability); statutory workers' compensation benefits for

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(Continued)

injured employees; and the theft or accidental damage to City property (buildings and business contents). The City established an internal service Self-Insurance Fund to account for and fund the above risks.

The Self-Insurance Internal Service Fund (the "Fund") pays for all claims and judgments made against the City for accidental losses for which the City is self-insured. The Fund pays the premium costs for insurance policies to protect the City's ultimate self-insured exposures. All-Risk property insurance (exclusive of windstorm coverage) provides coverage for losses to City buildings above various deductible amounts. There were no settlements in excess of applicable insurance for the past three years. During fiscal year 2002, there were no significant changes in insurance premiums except for property insurance. This change was due to increased cost for windstorm coverage.

The Fund derives revenue from all City departments through an allocation formula and from investment income earned on reserved funds. The required funding levels of reserves and future needs is determined by an annual actuarial report produced by an external actuarial firm. The City funds and reserves on an "occurrence" basis, reserving for anticipated and known claims when they occur, regardless of the ultimate date of payment or disposition.

The following are the changes in the funds' claims liability amount during fiscal year 2002 and 2001 respectively:

	<u>2002</u>	<u>2001</u>
Unpaid claims, beginning of year	\$ 13,711,000	\$ 13,332,000
Incurred claims (includes incurred but not reported claims)	5,792,000	4,567,000
Less: estimated claim payments	<u>4,722,000</u>	<u>4,188,000</u>
Unpaid claims, end of year	<u>\$ 14,781,000</u>	<u>\$ 13,711,000</u>

2. Significant Commitments and Contingencies

- a. The City, in the normal course of operations, is a party to various other actions in which plaintiffs have alleged certain damages. In all cases, management does not believe the disposition of these matters will materially affect the financial position of the City.
- b. The City participates in a number of Federal and State assisted grant programs, which are subject to financial and compliance audits. Audits for these programs are to be conducted at a future date, and the City expects the amount, if any, of the expenditures which may be disallowed by the granting agency to be immaterial.
- c. The Agency has committed to provide the developers of two hotels certain incentives. The Request for Proposal originally called for a \$60 million incentive for which \$10 million was designated for the development of a hotel, which requires African American majority ownership. The Agency issued \$108 million in bonds of which \$98 million has been spent for land acquired for both hotels, related hotel agreement negotiations, and construction of an 800 space parking facility for the hotels. The remaining \$10 million will be used to construct a boardwalk, sidewalk and streetscape improvements, the acquisition of property for development and construction of a cultural center facility, and restoration of the Colony Theater. This commitment is in addition to the incentive to be provided to the developers.
- d. The City believes it is in compliance with all material terms of bond indenture agreements, contracts, and federal, state and local laws and regulations.

3. Post Retirement Benefits

The City paid \$3,706,823 for health, life and dental insurance coverage for its 847 participating retirees and beneficiaries during the fiscal year ended September, 30, 2002. Under City ordinances, retirees are entitled to 50% of the cost of health, life and dental insurance to be paid by the City. These expenditures are considered current costs and no provision for future funding has been made.

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(Continued)

4. Employee retirement

a. Retirement System For General Employees

i. Plan Description

The Retirement System for General Employees is a Single Employer Defined Benefit Pension Plan that covers all civil service employees of the City except for Policemen and Firemen as established by City Ordinance #1901. This Plan covers 506 active employees and 939 retirees and beneficiaries as of the last actuary report. The City's payroll for employees covered by the System for the year ended September 30, 2002, was \$22,247,500 out of \$91,395,490 total payroll cost for the City.

Generally, employee members of the System vest after 5 years. Members are eligible to retire at age 50 at a benefit of 3% of final average salary based on the highest two years salary for the first 15 years of service and 4% of final average salary thereafter to a maximum of 90%. However, certain employees who are members of the labor union "AFSCME" employed on or after April 30, 1993, employees in the classification of "Other" (non-unionized classified employees), employed on or after August 1, 1993, and employees who are members of the labor union "CWA" employed on or after February 21, 1994, vest after 10 years of service and are eligible to retire at age 60 with 10 years creditable service at a benefit level of 3% of their highest three years' average salary times years of service to a maximum of 80%. These benefit provisions and all other requirements are established by City Ordinance.

City employee members are required to contribute 10% of salary.

ii. Funding Policy, Contributions Required and Contributions Made

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age actuarial cost method. The Plan also uses the level percentage of payroll method to amortize any unfunded actuarial accrued liability over a 15-year period.

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

Significant actuarial assumptions used include: (1) investment return of 8.5%, net after administrative expenses; (2) 1983 Group Annuity Mortality Table; for those who have terminated employment before October 1, 1993, rates are based on the Plan's own experience; (3) for retirement, once a member is eligible to retire, a probability of retirement based on age is used (effective October 1, 1996); (4) projected salary increases of 6% per year; (5) projected inflation at 4.0%; and (6) post retirement benefit has a cost of living increases of 2.5% per year compounded annually to benefit recipients retired.

The Plan uses: (a) entry age for the actuarial cost method; (b) 32 years for the equivalent single amortization period; (c) level dollar, closed method for the amortization method; (d) 15 years for the amortization period; and (e) 5 years smoothed market for the actuarial asset valuation method.

For the year ended September 30, 2002, the City was not required to make any contributions to the Plan in accordance with actuarially determined requirements computed through an actuarial valuation performed as of October 1, 2001. For the year ended September 30, 2002, the employees contributed \$2,224,750 which represents 10.8%, of covered payroll.

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(Continued)**

iii. Trend Information

Trend information indicates the progress made in accumulating sufficient assets to pay benefits when due. An analysis of funding progress for the fiscal year ended September 30, 2001, for the Retirement System for General Employees is as follows:

<u>Year Ended September 30,</u>	<u>Annual Required Contribution - City</u>	<u>Percentage Contributed</u>
2000	-	N/A
2001	-	N/A
2002	-	N/A

b. Retirement System For Non-Civil Service Employees

i. Plan Description

The Retirement System for Non-Civil Service Employees is a Single Employer Defined Benefit Pension Plan that covers all non-civil service employees of the City except for police and fire persons, as established by City Ordinance #88-2603. This Plan was established April 1, 1988 and covers 114 active employees and 147 retirees and beneficiaries, as of the last actuary report. The City's payroll for employees covered by the System for the year ended September 30, 2002 was \$7,468,200 out of \$91,395,490 total payroll cost of the City.

Employee members of the System prior to October 18, 1992 vest after 5 years. Members are eligible to retire at age 50 with 5 years creditable service at a benefit of 4% for years earned prior to October 18, 1992, and 3% for years thereafter times the final average salary, to a maximum of 80%. New employee members of the System on or after October 18, 1992 vest after 10 years. Members are eligible to retire at age 60 with 10 years creditable service at a benefit of 3% of final 3 years average salary times years of service to a maximum of 80%. These benefit provisions and all other requirements are established by City Ordinance.

City employee members are required to contribute 10% of salary.

ii. Funding Policy, Contributions Required and Contributions Made

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the entry age actuarial cost method. There is no unfunded actuarial accrued liability at October 1, 2001, as of the latest actuarial report.

Significant actuarial assumptions used in the latest actuarial report include: (1) investment return of 9.0%, net after administrative expenses; (2) 1983 Group Annuity Mortality Table for males and females (effective October 1, 1996); (3) for retirement, a probability of retirement based on age, once a member is eligible to retire, is used (effective October 1, 1996); (4) projected salary increases of 6.0% per year; (5) post retirement benefit has a cost of living increase of 1.5% per year compounded annually and (6) projected inflation of 4% per year.

The Plan uses: (a) frozen entry age for the actuarial cost method and (b) a 5 year smoothed market for the actuarial asset valuation method. The amortization method and period are not applicable.

**CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(Continued)**

For the year ended September 30, 2002, the City was not required to make any contributions to the Plan in accordance with actuarially determined requirements computed through an actuarial valuation performed as of October 1, 2001. For the year ended September 30, 2001, the employees contributed \$746,820, which represents 10.6% of covered payroll.

iii. Trend Information

Trend information indicates the progress made in accumulating sufficient assets to pay benefits when due. An analysis of funding progress for the fiscal year ended September 30, 2001, for the Retirement System for Non-Civil Service Employees is as follows:

<u>Year Ended September 30,</u>	<u>Annual Required Contribution - City</u>	<u>Percentage Contributed</u>
2000	\$ 666,897	100%
2001	-	N/A
2002	-	N/A

c. Retirement System for Firefighters and Police Officers

i. Plan Description

The Retirement System for Firefighters and Police Officers are Single Employer Defined Benefit Pension Plans that cover substantially all Police and Fire persons of the City, as established by Chapter 23414, Laws of Florida, Special Acts of 1945 (as amended through November 2, 2000). The Plan covers 510 active employees and 466 retirees and beneficiaries. The City's payroll for employees covered by the System for the year ended September 30, 2002 was \$42,429,960 out of a \$91,395,490 total payroll cost for the City.

Employee members of the System prior to May 19, 1993 vest upon attaining 10 years of creditable service. Members are eligible to retire at age 50 at a benefit of 3% of final average salary for the first 15 years and 4% thereafter, based on the highest 2 years salary times years of service to a maximum of 90% of average monthly salary. Employee members are required to contribute 10 percent of salary. New employee members on or after May 19, 1993 will receive the same benefit levels except that retirement age will be 55, and the maximum benefit will be 80% of average monthly salary based on the three highest paid years' salary. The benefit provisions and all other requirements are established by legal requirement.

ii. Funding Policy, Contributions Required and Contributions Made

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

The contributions to the Plan for the year ended September 30, 2002, of \$3,722,117 were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of October 1, 2001. These contributions were made by the employees of the City and were 10% of current covered payroll.

Significant actuarial assumptions used include: (1) investment return of 8.5%; (2) projected salary increases of 4.53%-10.17% including 3.5% for inflation; and (3) post retirement benefit has a cost of living increases of 2.5% per year compounded annually.

**CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(Continued)**

The Plan uses: (a) frozen entry age for the actuarial cost method; (b) 30 years for the remaining amortization period; (c) level dollar closed for the amortization method; and (d) 5 year phase-in for the market asset valuation method.

iii. Trend Information

Trend information indicates the progress made in accumulating sufficient assets to pay benefits when due. An analysis of funding progress for the fiscal year ended September 30, 2002, for the Retirement System for Fire Fighters and Police Officers is as follows:

<u>Year Ended September 30,</u>	<u>Annual Required Contribution - City</u>	<u>Percentage Contributed</u>
2000	-	N/A
2001	\$ 733,425	100%
2002	3,510,328	100

d. Defined Contribution Plan-401A

The City offers all new non-civil service and civilian employees the option to participate in a defined contribution (401A) plan instead of the amended defined benefit plans, discussed previously, which took effect for new non-civil service employees on October 17, 1992 and on various dates for civilian employees. The two 401A plans which are available to choose from are : (1) Nationwide Retirement Solutions (formerly Public Employee's Benefits Services Corporation – PEBSCO), and (2) ICMA Retirement Corporation. The employee is required to contribute 10% of his salary and the City matches with 10%. The 401A plan of each employee is the immediate property of the employee and investment of these funds is directed by the employee amongst choices of investment vehicles offered by two plan administrators. For the fiscal year ended September 30, 2002, the City contributed \$1,715,059 to employee 401A plans covering 441 employees. The City's contribution represents \$17,150,590 of covered payroll out of \$91,395,490 total payroll cost of the City.

e. Financial Statements

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

City of Miami Beach
Retirement System for General Employees
1700 Convention Center Drive
Miami Beach, Florida 33139

City of Miami Beach
Retirement System for Non-Civil
Service Employees
1700 Convention Center Drive
Miami Beach, Florida 33139

City of Miami Beach
Retirement System for Firefighters and
Police Officers
605 Lincoln Road, Suite 400
Miami Beach, Florida 33139



City of Miami Beach

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**REQUIRED SUPPLEMENTARY
INFORMATION**

**CITY OF MIAMI BEACH, FLORIDA
SCHEDULE OF FUNDING PROGRESS
RETIREMENT SYSTEMS
(Dollars in Millions)**

General Employees

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/c
10/1/99	\$237.3	\$200.8	(\$36.5)	118.2 %	\$19.4	(188.8) %
10/1/00	250.3	212.1	(38.2)	118.0	19.5	(195.8)
10/1/01	255.2	220.7	(34.5)	115.7	20.6	(167.7)

Non-Civil Service Employees

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/c
10/1/99	\$67.9	\$62.6	(\$5.3)	108.5 %	\$6.1	(88.0) %
10/1/00	76.5	65.9	(10.6)	116.2	6.3	(167.5)
10/1/01	80.8	72.1	(8.7)	112.1	7.1	(123.6)

Firefighters and Police Officers

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/c
10/1/99	\$383.1	\$383.1	\$0.0	100.0 %	\$29.3	0.0 %
10/1/00	398.7	389.0	9.7	102.5	28.0	34.0
10/1/01	404.3	393.0	11.3	102.9	29.7	38.2

CITY OF MIAMI BEACH, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended September 30, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 66,254,672	\$ 66,254,672	\$ 65,560,532	\$ (694,140)
Franchise	6,929,133	6,929,133	7,037,263	108,130
Utility	12,063,900	12,063,900	13,348,286	1,284,386
Licenses and permits	9,267,700	9,507,700	9,627,491	119,791
Intergovernmental	9,654,000	9,654,000	9,263,148	(390,852)
Charges for services	2,033,400	2,033,400	1,792,330	(241,070)
Rents and leases	1,406,125	1,406,125	1,446,707	40,582
Interest income	4,662,500	4,662,500	2,790,257	(1,872,243)
Fines and forfeits	1,648,000	1,648,000	1,716,378	68,378
Administrative fees	8,138,990	8,138,990	8,143,990	5,000
Other	4,298,313	4,298,313	4,903,947	605,634
Total revenues	<u>126,356,733</u>	<u>126,596,733</u>	<u>125,630,329</u>	<u>(966,404)</u>
Expenditures				
General government:				
Mayor and commission	1,092,084	1,092,084	1,062,228	29,856
City manager	1,547,146	1,547,146	1,504,485	42,661
City clerk	1,441,822	1,493,774	1,176,269	317,505
Internal Audit	331,526	331,526	319,120	12,406
Management and budget	546,412	546,412	451,110	95,302
Finance	2,916,475	3,018,978	2,795,154	223,824
Human Resources	1,639,795	1,639,795	1,497,912	141,883
Procurement	649,747	649,747	626,622	23,125
City Attorney	3,082,324	3,091,124	2,991,700	99,424
General Services Administration	789,660	799,492	788,879	10,613
Planning	2,176,853	2,191,155	2,002,539	188,616
Special Programs	1,081,054	1,081,719	833,647	248,072
Engineering	1,625,416	1,581,044	1,474,041	107,003
Construction and financial management	1,799,189	1,874,315	1,613,480	260,835
Special Projects	381,400	1,701,425	1,525,584	175,841
Unclassified	2,981,978	2,421,825	1,876,329	545,496
Total general government	<u>24,082,881</u>	<u>25,061,561</u>	<u>22,539,099</u>	<u>2,522,462</u>
Public safety:				
Beach patrol	4,442,957	4,562,976	4,549,226	13,750
Building services	5,384,132	5,743,660	5,696,577	47,083
Fire	21,691,058	21,820,769	21,543,213	277,556
Police	45,912,104	45,965,046	45,662,265	302,781
Emergency 911	480,000	870,000	693,551	176,449
Total public safety	<u>77,910,251</u>	<u>78,962,451</u>	<u>78,144,832</u>	<u>817,619</u>
Physical environment	2,787,253	2,776,682	2,445,618	331,064
Transportation	2,760,923	2,960,267	2,746,693	213,574
Economic environment	13,484,006	13,400,706	13,176,098	224,608
Human services	475,066	468,432	425,370	43,062
Culture and recreation	14,125,562	16,084,029	14,401,954	1,682,075
Total expenditures	<u>135,625,942</u>	<u>139,714,128</u>	<u>133,879,664</u>	<u>5,834,464</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,269,209)</u>	<u>(13,117,395)</u>	<u>(8,249,335)</u>	<u>4,868,060</u>
Other financing sources (uses)				
Transfers in	15,031,450	15,031,450	15,031,450	
Transfers out	(5,772,241)	(6,167,994)	(6,233,344)	(65,350)
Sale of capital assets	10,000	10,000	448,005	438,005
Total other financing sources	<u>9,269,209</u>	<u>8,873,456</u>	<u>9,246,111</u>	<u>372,655</u>
Net change in fund balances		<u>(4,243,939)</u>	<u>996,776</u>	<u>5,240,715</u>
Fund balances - beginning of year	27,930,007	27,930,007	27,930,007	
Fund balances - end of year	<u>\$ 27,930,007</u>	<u>\$ 23,686,068</u>	<u>\$ 28,926,783</u>	<u>\$ 5,240,715</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES - BUDGET AND ACTUAL
BUDGETED MAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended September 30, 2002

	Resort Tax Revenue Fund				Miami Beach Redevelopment Agency			Totals			
	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)	Original and Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final						Original	Final		
Revenues											
Resort taxes	\$ 28,707,678	\$ 28,707,678	\$ 21,021,618	\$ (7,686,060)	\$	\$	\$	\$ 28,707,678	\$ 28,707,678	\$ 21,021,618	\$ (7,686,060)
Intergovernmental			42,500	42,500	19,233,731	20,731,456	1,497,725	19,233,731	19,233,731	20,773,956	1,540,225
Rents and leases					1,173,000	665,138	(507,862)	1,173,000	1,173,000	665,138	(507,862)
Interest income	152,500	152,500	86,962	(65,538)	145,000	76,562	(68,438)	297,500	297,500	163,524	(133,976)
Miscellaneous	1,046,500	1,046,500	1,486,673	440,173	92,000	41,730	(50,270)	1,138,500	1,138,500	1,528,403	389,903
Total revenues	29,906,678	29,906,678	22,637,753	(7,268,925)	20,643,731	21,514,886	871,155	50,550,409	50,550,409	44,152,639	(6,397,770)
Expenditures											
General government	902,887	902,887	808,123	94,764				902,887	902,887	808,123	94,764
Economic environment	2,676,000	2,926,000	1,565,310	1,360,690	1,145,000	4,689,965	(3,544,965)	3,821,000	4,071,000	6,255,275	(2,184,275)
Culture and recreation	8,121,236	8,121,236	6,563,049	1,558,187				8,121,236	8,121,236	6,563,049	1,558,187
Debt service:											
Principal			1,920	(1,920)						1,920	(1,920)
Total expenditures	11,700,123	11,950,123	8,938,402	3,011,721	1,145,000	4,689,965	(3,544,965)	12,845,123	13,095,123	13,628,367	(533,244)
Excess (deficiency) of revenues over (under) expenditures	18,206,555	17,956,555	13,699,351	(4,257,204)	19,498,731	16,824,921	(2,673,810)	37,705,286	37,455,286	30,524,272	(6,931,014)
Other financing sources (uses)											
Transfers in	1,281,011	1,281,011	2,174,881	893,870		1,815,423	1,815,423	1,281,011	1,281,011	3,990,304	2,709,293
Transfers out	(19,487,566)	(19,487,566)	(17,510,595)	1,976,971	(19,498,731)	(18,804,335)	694,396	(38,986,297)	(38,986,297)	(36,314,930)	2,671,367
Total other financing sources (uses)	(18,206,555)	(18,206,555)	(15,335,714)	2,870,841	(19,498,731)	(16,988,912)	2,509,819	(37,705,286)	(37,705,286)	(32,324,626)	5,380,660
Net change in fund balances		(250,000)	(1,636,363)	(1,386,363)		(163,991)	(163,991)		(250,000)	(1,800,354)	(1,550,354)
Fund balances - beginning of year	5,035,477	5,035,477	5,035,477		19,621,465	19,621,465		5,035,477	24,656,942	24,656,942	
Fund balances - end of year	\$ 5,035,477	\$ 4,785,477	\$ 3,399,114	\$ (1,386,363)	\$ 19,621,465	\$ 19,457,474	\$ (163,991)	\$ 5,035,477	\$ 24,406,942	\$ 22,856,588	\$ (1,550,354)

CITY OF MIAMI BEACH, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2002

1. Budgetary Policy

A. Budgetary Data

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects fund, which adopts project-length budgets.

At least 65 days prior to the beginning of the fiscal year, the City Commission is presented with a proposed budget. The proposed budget includes anticipated expenditures and the means of financing them. After Commission review and public hearings, the budget is adopted prior to October 1st. The budgets are 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 department budgets and transfers between departments require City Commission approval.

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 with the inclusion of encumbrances as reductions in the budgetary amount available (Budgetary Basis). Appropriations not encumbered lapse at yearend. Outstanding encumbrances at yearend are reported as a reservation of fund equity.

The Statement of Revenues and Expenditures, Budget and Actual is presented for the funds which have legally adopted annual budgets. Those funds are: General Fund, Resort Tax Special Revenue Fund, Miami Beach Redevelopment Agency (a blended component unit) Special Revenue Fund, General Obligation Debt Service Fund and Miami Beach Redevelopment Agency Debt Service Fund. Funds and Grants that have multi-year project budgets are not presented in statements.

There were seven supplemental budgetary appropriations during fiscal year ended September 30, 2002.

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

B. Excess of expenditures over appropriations

For the year ended September 30, 2002, expenditures exceeded appropriations in the Miami Beach Redevelopment Agency Special Revenue Fund in the economic environment category by \$3,544,965. These expenditures were funded by resources not used from transfers.

**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 – This fund accounts for the receipt and expenditure of funds under this Federal Program.

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

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

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

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

Debt Service Funds

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

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

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

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

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

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



City of Miami Beach

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**CITY OF MIAMI BEACH, FLORIDA
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2002**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 14,871,586	\$ 11,989,730	\$ 26,861,316
Receivables:			
Accounts, net	646,372	856,169	1,502,541
Accrued interest		9,572	9,572
Delinquent taxes		44,303	44,303
Due from other funds	742		742
Due from other governments	490,943		490,943
Prepaid	3,919		3,919
	<u>\$ 16,013,562</u>	<u>\$ 12,899,774</u>	<u>\$ 28,913,336</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 467,458	\$ 7,602	\$ 475,060
Accrued expenditures	45,946	8,504	54,450
Deferred revenues		48,879	48,879
Advances from other funds	130,000		130,000
Due to other funds	134,263		134,263
Due to other governments	423		423
	<u>778,090</u>	<u>64,985</u>	<u>843,075</u>
FUND BALANCES			
Reserved for :			
Prepaid	3,919		3,919
Encumbrances	3,371,509		3,371,509
Debt service		12,834,789	12,834,789
Unreserved	11,860,044		11,860,044
	<u>15,235,472</u>	<u>12,834,789</u>	<u>28,070,261</u>
Total fund balances	<u>15,235,472</u>	<u>12,834,789</u>	<u>28,070,261</u>
Total liabilities and fund balances	<u>\$ 16,013,562</u>	<u>\$ 12,899,774</u>	<u>\$ 28,913,336</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, 2002

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Property taxes	\$	\$ 9,644,645	\$ 9,644,645
Federal grants	5,554,390		5,554,390
State grants	1,786,649		1,786,649
Grants from other local units	533,347		533,347
Special assessments		418,220	418,220
Sales and charges for services	2,060,581		2,060,581
Fines and forfeitures	1,456,528		1,456,528
Impact Fees	872,609		872,609
Interest income	748,234	136,930	885,164
Miscellaneous	313,717	8,800	322,517
	<u>13,326,055</u>	<u>10,208,595</u>	<u>23,534,650</u>
EXPENDITURES			
Current:			
Public safety	2,372,801		2,372,801
Transportation	3,137,463		3,137,463
Economic environment	4,050,014		4,050,014
Human services	1,019,182		1,019,182
Culture and recreation	3,851,693		3,851,693
Debt Service:			
Principal	320,000	12,083,000	12,403,000
Interest	17,933	16,145,697	16,163,630
	<u>14,769,086</u>	<u>28,228,697</u>	<u>42,997,783</u>
Deficiency of revenues under expenditures	<u>(1,443,031)</u>	<u>(18,020,102)</u>	<u>(19,463,133)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,651,935	18,228,282	19,880,217
Transfers out	<u>(150,000)</u>	<u>(388,326)</u>	<u>(538,326)</u>
Total other financing sources	<u>1,501,935</u>	<u>17,839,956</u>	<u>19,341,891</u>
Net change in fund balances	58,904	(180,146)	(121,242)
Fund balances - beginning of year	<u>15,176,568</u>	<u>13,014,935</u>	<u>28,191,503</u>
Fund balances - end of year	<u>\$ 15,235,472</u>	<u>\$ 12,834,789</u>	<u>\$ 28,070,261</u>

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

September 30, 2002

	Community Development Block Grant Fund	Parking Impact Fees Fund	Transportation Concurrency Management Fund	Police Confiscation and Training Fund	Other Special Revenue Fund	Total
ASSETS						
Cash and investments	\$ 12,974	\$ 8,564,194	\$ 2,214,417	\$ 1,724,788	\$ 2,355,213	\$ 14,871,586
Receivables:						
Accounts, net				5,112	641,260	646,372
Due from other funds	742					742
Due from other governments	371,252				119,691	490,943
Prepaid					3,919	3,919
Total assets	<u>\$ 384,968</u>	<u>\$ 8,564,194</u>	<u>\$ 2,214,417</u>	<u>\$ 1,729,900</u>	<u>\$ 3,120,083</u>	<u>\$ 16,013,562</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 190,497	\$	\$ 4,567	\$ 79,240	\$ 193,154	\$ 467,458
Accrued expenditures	19,064				26,882	45,946
Advances from other funds	130,000					130,000
Due to other funds	45,407				88,856	134,263
Due to other governments					423	423
Total liabilities	<u>384,968</u>		<u>4,567</u>	<u>79,240</u>	<u>309,315</u>	<u>778,090</u>
Fund balances:						
Reserved for prepaid					3,919	3,919
Reserved for encumbrances			25,214	539,446	2,806,849	3,371,509
Unreserved		8,564,194	2,184,636	1,111,214		11,860,044
Total fund balances		<u>8,564,194</u>	<u>2,209,850</u>	<u>1,650,660</u>	<u>2,810,768</u>	<u>15,235,472</u>
Total liabilities and fund balances	<u>\$ 384,968</u>	<u>\$ 8,564,194</u>	<u>\$ 2,214,417</u>	<u>\$ 1,729,900</u>	<u>\$ 3,120,083</u>	<u>\$ 16,013,562</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, 2002

	Community Development Block Grant Fund	Parking Impact Fees Fund	Transportation Concurrency Management Fund	Police Confiscation and Training Fund	Other Special Revenue Fund	Total
Revenues:						
Federal grants	\$ 3,135,657	\$	\$	\$	\$ 2,418,733	\$ 5,554,390
State grants					1,786,649	1,786,649
Grants from other local units					533,347	533,347
Sales and charges for services	1,085,307				975,274	2,060,581
Fines and forfeitures				1,456,528		1,456,528
Impact Fees		104,420	768,189			872,609
Interest income		146,136		32,430	569,668	748,234
Miscellaneous	28,697			11,786	273,234	313,717
Total revenues	4,249,661	250,556	768,189	1,500,744	6,556,905	13,326,055
Expenditures:						
Current:						
Public safety	37,007			1,279,446	1,056,348	2,372,801
Transportation	507,244		56,400		2,573,819	3,137,463
Economic environment	1,996,748				2,053,266	4,050,014
Human services	573,378				445,804	1,019,182
Culture and recreation	797,351				3,054,342	3,851,693
Debt Service:						
Principal	320,000					320,000
Interest	17,933					17,933
Total expenditures	4,249,661		56,400	1,279,446	9,183,579	14,769,086
Excess (deficiency) of revenues over (under) expenditures		250,556	711,789	221,298	(2,626,674)	(1,443,031)
OTHER FINANCING SOURCES (USES)						
Transfers in					1,651,935	1,651,935
Transfers out			(150,000)			(150,000)
Total other financing sources (uses)			(150,000)		1,651,935	1,501,935
Net change in fund balances		250,556	561,789	221,298	(974,739)	58,904
Fund balances - beginning of year		8,313,638	1,648,061	1,429,362	3,785,507	15,176,568
Fund balances - end of year	\$	\$ 8,564,194	\$ 2,209,850	\$ 1,650,660	\$ 2,810,768	\$ 15,235,472

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

September 30, 2002

	General Obligation Debt Service Fund	Excise Tax Debt Service Fund	Gulf Breeze Special Obligation Debt Service Fund	Miami Beach Redevelopment Agency Debt Service Fund	Sunshine State Special Obligation Debt Service Fund	Pension Special Obligation Debt Service Fund	Total
<u>Assets</u>							
Cash and investments	\$ 1,094,458	\$ 526,284	\$ 192,475	\$ 9,014,347	\$ 1,155,933	\$ 6,233	\$ 11,989,730
Receivables:							
Accounts, net	115,555				740,614		856,169
Accrued interest				9,572			9,572
Delinquent taxes	44,303						44,303
Total assets	<u>\$ 1,254,316</u>	<u>\$ 526,284</u>	<u>\$ 192,475</u>	<u>\$ 9,023,919</u>	<u>\$ 1,896,547</u>	<u>\$ 6,233</u>	<u>\$ 12,899,774</u>
<u>Liabilities and fund balances</u>							
Liabilities:							
Accounts payable	\$ 1,063	\$ 1,063	\$	\$	\$ 160	\$ 5,316	\$ 7,602
Accrued expenditures					8,504		8,504
Deferred revenues	48,879						48,879
Total liabilities	<u>49,942</u>	<u>1,063</u>			<u>8,664</u>	<u>5,316</u>	<u>64,985</u>
Fund balances:							
Reserved for debt service	<u>1,204,374</u>	<u>525,221</u>	<u>192,475</u>	<u>9,023,919</u>	<u>1,887,883</u>	<u>917</u>	<u>12,834,789</u>
Total fund balances	<u>1,204,374</u>	<u>525,221</u>	<u>192,475</u>	<u>9,023,919</u>	<u>1,887,883</u>	<u>917</u>	<u>12,834,789</u>
Total liabilities and fund balances	<u>\$ 1,254,316</u>	<u>\$ 526,284</u>	<u>\$ 192,475</u>	<u>\$ 9,023,919</u>	<u>\$ 1,896,547</u>	<u>\$ 6,233</u>	<u>\$ 12,899,774</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, 2002

	General Obligation Debt Service Fund	Excise Tax Debt Service Fund	Gulf Breeze Special Obligation Debt Service Fund	Miami Beach Redevelopment Agency Debt Service Fund	Sunshine State Special Obligation Debt Service Fund	Pension Special Obligation Debt Service Fund	Total
Revenues:							
Property taxes	\$ 9,644,645	\$	\$	\$	\$	\$	\$ 9,644,645
Special assessments					418,220		418,220
Interest income	154	562	352	134,244		1,618	136,930
Other	8,800						8,800
Total revenues	<u>9,653,599</u>	<u>562</u>	<u>352</u>	<u>134,244</u>	<u>418,220</u>	<u>1,618</u>	<u>10,208,595</u>
Expenditures:							
Debt Service:							
Principal	7,175,000	95,000		2,680,000	413,000	1,720,000	12,083,000
Interest	2,573,150	208,677	1,509,079	7,243,956	478,435	4,132,400	16,145,697
Total expenditures	<u>9,748,150</u>	<u>303,677</u>	<u>1,509,079</u>	<u>9,923,956</u>	<u>891,435</u>	<u>5,852,400</u>	<u>28,228,697</u>
Excess of expenditures over revenues	<u>(94,551)</u>	<u>(303,115)</u>	<u>(1,508,727)</u>	<u>(9,789,712)</u>	<u>(473,215)</u>	<u>(5,850,782)</u>	<u>(18,020,102)</u>
Other financing sources (uses):							
Operating transfers in	93,494	302,616	1,520,621	9,658,240	802,174	5,851,137	18,228,282
Operating transfers out					(388,326)		(388,326)
Total other financing sources	<u>93,494</u>	<u>302,616</u>	<u>1,520,621</u>	<u>9,658,240</u>	<u>413,848</u>	<u>5,851,137</u>	<u>17,839,956</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,057)	(499)	11,894	(131,472)	(59,367)	355	(180,146)
Fund balances at beginning of year	1,205,431	525,720	180,581	9,155,391	1,947,250	562	13,014,935
Fund balances at end of year	<u>\$ 1,204,374</u>	<u>\$ 525,221</u>	<u>\$ 192,475</u>	<u>\$ 9,023,919</u>	<u>\$ 1,887,883</u>	<u>\$ 917</u>	<u>\$ 12,834,789</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
September 30, 2002

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
ASSETS				
Current assets:				
Cash and investments	\$ 2,472,507	\$ 1,356,202	\$ 704,169	\$ 4,532,878
Accounts receivable (net of allowance for uncollectibles)	403,424	26,669	300,028	730,121
Prepaid expenses	—	7,492	164,190	171,682
Total current assets	<u>2,875,931</u>	<u>1,390,363</u>	<u>1,168,387</u>	<u>5,434,681</u>
Noncurrent assets:				
Restricted cash and cash equivalents	—	3,130	52,230	55,360
Capital assets:				
Land	405,680	2,793,051	210,230	3,408,961
Buildings and structures	542,339	11,955,752	899,896	13,397,987
Machinery and equipment	1,886,826	—	—	1,886,826
Less accumulated depreciation	<u>(949,120)</u>	<u>(1,354,925)</u>	<u>(101,984)</u>	<u>(2,406,029)</u>
Total capital assets (net of accumulated depreciation)	<u>1,885,725</u>	<u>13,393,878</u>	<u>1,008,142</u>	<u>16,287,745</u>
Total noncurrent assets	<u>1,885,725</u>	<u>13,397,008</u>	<u>1,060,372</u>	<u>16,343,105</u>
Total assets	<u>4,761,656</u>	<u>14,787,371</u>	<u>2,228,759</u>	<u>21,777,786</u>
LIABILITIES				
Current liabilities:				
Accounts payable	301,457	28,196	3,341	332,994
Accrued expenses	41,745	4,298	—	46,043
Current portion of loan payable	131,614	—	—	131,614
Accrued compensated absences	152,929	—	—	152,929
Due to other governments	—	8,010	3,784	11,794
Due to other funds	—	21,486	—	21,486
Total current liabilities	<u>627,745</u>	<u>61,990</u>	<u>7,125</u>	<u>696,860</u>
Noncurrent liabilities:				
Deposits payable from restricted assets	—	3,130	52,230	55,360
Loan payable	751,904	—	—	751,904
Total noncurrent liabilities	<u>751,904</u>	<u>3,130</u>	<u>52,230</u>	<u>807,264</u>
Total liabilities	<u>1,379,649</u>	<u>65,120</u>	<u>59,355</u>	<u>1,504,124</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,885,725	13,393,878	1,008,142	16,287,745
Unrestricted	1,496,282	1,328,373	1,161,262	3,985,917
Total net assets	<u>\$ 3,382,007</u>	<u>\$ 14,722,251</u>	<u>\$ 2,169,404</u>	<u>\$ 20,273,662</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2002

	<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	\$ 3,864,730	\$ 1,841,125	\$ 631,139	\$ 6,336,994
Permits, rentals, and other	1,637,896	10,856	249	1,649,001
Total operating revenues	<u>5,502,626</u>	<u>1,851,981</u>	<u>631,388</u>	<u>7,985,995</u>
Operating expenses:				
Personal services	2,147,988			2,147,988
Operating supplies	267,985			267,985
Contractual services	1,849,480	1,119,113	15,026	2,983,619
Utilities	24,293			24,293
Internal charges	719,283			719,283
Depreciation	221,152	398,525	29,997	649,674
Administrative fees	250,000			250,000
Other operating		12,369	192,536	204,905
Total operating expenses	<u>5,480,181</u>	<u>1,530,007</u>	<u>237,559</u>	<u>7,247,747</u>
Operating income	<u>22,445</u>	<u>321,974</u>	<u>393,829</u>	<u>738,248</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(22,571)			(22,571)
Disposal of assets	(24,926)			(24,926)
Interest income	36,522			36,522
Total nonoperating expenses	<u>(10,975)</u>			<u>(10,975)</u>
Income before contributions and transfers	<u>11,470</u>	<u>321,974</u>	<u>393,829</u>	<u>727,273</u>
Capital contributions	35,559			35,559
Transfers in	381,542			381,542
Transfers out	(53,428)			(53,428)
Change in net assets	<u>375,143</u>	<u>321,974</u>	<u>393,829</u>	<u>1,090,946</u>
Total net assets - beginning	<u>3,006,864</u>	<u>14,400,277</u>	<u>1,775,575</u>	<u>19,182,716</u>
Total net assets - ending	<u>\$ 3,382,007</u>	<u>\$ 14,722,251</u>	<u>\$ 2,169,404</u>	<u>\$ 20,273,662</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INCREASE IN CASH AND INVESTMENTS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2002

	<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>
Cash flows from operating activities:				
Cash received from customers	\$ 3,816,375	\$ 1,814,456	\$ 731,730	\$ 6,362,561
Cash paid to suppliers	(2,231,513)	(1,139,441)	(329,396)	(3,700,350)
Cash paid to employees	(2,210,933)			(2,210,933)
Internal activity-payments to other funds	(969,283)			(969,283)
Miscellaneous revenues	1,637,896	10,856	249	1,649,001
Net cash provided by operating activities	<u>42,542</u>	<u>685,871</u>	<u>402,583</u>	<u>1,130,996</u>
Cash flows for non-capital financing activities:				
Loan payable	947,612			947,612
Repayment of loan	(64,093)			(64,093)
Transfers in	381,542			381,542
Transfers out	(53,428)			(53,428)
Net cash provided by non-capital financing activities	<u>1,211,633</u>			<u>1,211,633</u>
Cash flows from capital and related financial activities:				
Interest and fiscal charges	(16,685)			(16,685)
Purchase of fixed assets	(364,807)			(364,807)
Proceeds from sale of fixed assets	37,405			37,405
Net cash used in capital and related financial activities	<u>(344,087)</u>			<u>(344,087)</u>
Cash flows from investing activities:				
Interest on investments	36,522			36,522
Net cash provided by investing activities	<u>36,522</u>			<u>36,522</u>
Net increase in cash and equivalents	946,610	685,871	402,583	2,035,064
Cash and investments - beginning of year	<u>1,525,897</u>	<u>673,461</u>	<u>353,816</u>	<u>2,553,174</u>
Cash and investments - end of year	<u>\$ 2,472,507</u>	<u>\$ 1,359,332</u>	<u>\$ 756,399</u>	<u>\$ 4,588,238</u>
Classified as:				
Current assets	\$ 2,472,507	\$ 1,356,202	\$ 704,169	\$ 4,532,878
Restricted assets		3,130	52,230	55,360
Total cash and investments	<u>\$ 2,472,507</u>	<u>\$ 1,359,332</u>	<u>\$ 756,399</u>	<u>\$ 4,588,238</u>
Non-cash transactions affecting financial position:				
Capital contributions of fixed assets	<u>\$ 35,559</u>	<u>\$</u>	<u>\$</u>	<u>\$ 35,559</u>

(continued)

CITY OF MIAMI BEACH, FLORIDA
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY
OPERATING ACTIVITIES
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2002

(continued)

	<u>Sanitation Fund</u>	<u>Miami Beach Redevelopment Agency's Parking Fund</u>	<u>Miami Beach Redevelopment Agency's Leasing Fund</u>	<u>Totals</u>
Operating income	\$ 22,445	\$ 321,974	\$ 393,829	\$ 738,248
Adjustments to reconcile operating income to cash provided by operating activities:				
Depreciation	221,152	398,525	29,997	649,674
Provision for uncollectible accounts	(15,231)		(71,465)	(86,696)
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(39,605)	(26,669)	100,591	34,317
Decrease in due from other governments			45	45
Increase in prepaid expense		(492)	(12,874)	(13,366)
Increase (decrease) in accounts payable	(68,528)	(30,028)	3,341	(95,215)
Increase (decrease) in accrued expenses	(1,838)	4,297		2,459
Decrease in deposits		(8,846)		(8,846)
Increase in due to other governments		5,624	3,784	9,408
Increase (decrease) in due to other funds		21,486	(44,665)	(23,179)
Decrease in deferred revenues	(8,750)			(8,750)
Decrease in accrued compensated absences	(67,103)			(67,103)
Total adjustments	<u>20,097</u>	<u>363,897</u>	<u>8,754</u>	<u>392,748</u>
Net cash provided by operating activities	<u>\$ 42,542</u>	<u>\$ 685,871</u>	<u>\$ 402,583</u>	<u>\$ 1,130,996</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
September 30, 2002

	Fleet Management Fund	Property Management Fund	Central Services Fund	Self Insurance Fund	Communications Fund	Total
ASSETS						
Current assets:						
Cash and investments	\$ 9,008,825	\$ 1,172,571	\$ 161,051	\$	\$ 5,556,151	\$ 15,898,598
Cash with fiscal agent				100,000		100,000
Inventories at cost	118,387	168,202	22,538		40,873	350,000
Accounts receivable, net	34,079	5,057	1,431	30,952	3,771	75,290
Due from other funds		887	2,080			2,967
Prepaid expenses				1,285,416		1,285,416
Total current assets	<u>9,161,291</u>	<u>1,346,717</u>	<u>187,100</u>	<u>1,416,368</u>	<u>5,600,795</u>	<u>17,712,271</u>
Noncurrent assets:						
Restricted assets:						
Cash and investments				7,413,902		7,413,902
Capital assets:						
Land	608,520					608,520
Buildings and structures	2,001,269	19,276				2,020,545
Machinery and equipment	24,358,163	1,925,295	111,197	48,558	17,181,859	43,625,072
Less accumulated depreciation	(15,155,789)	(1,356,182)	(98,728)	(47,569)	(13,716,049)	(30,374,317)
Total capital assets (net of accumulated depreciation)	<u>11,812,163</u>	<u>588,389</u>	<u>12,469</u>	<u>989</u>	<u>3,465,810</u>	<u>15,879,820</u>
Total assets	<u>20,973,454</u>	<u>1,935,106</u>	<u>199,569</u>	<u>8,831,259</u>	<u>9,066,605</u>	<u>41,005,993</u>
LIABILITIES						
Current liabilities:						
Accounts payable	80,846	281,341	2,583	323,253	332,672	1,020,695
Accrued expenses	26,697	64,107	4,559	8,736	58,588	162,687
Accrued compensated absences	96,486	266,708	16,084	38,604	282,911	700,793
Due to other funds	9,604					9,604
Current portion of loan payable	159,113				27,839	186,952
Total current liabilities	<u>372,746</u>	<u>612,156</u>	<u>23,226</u>	<u>370,593</u>	<u>702,010</u>	<u>2,080,731</u>
Noncurrent liabilities:						
Loan payable	667,259				270,348	937,607
Pending insurance claims				7,247,000		7,247,000
Insurance claims incurred but not reported				7,534,000		7,534,000
Total noncurrent liabilities	<u>667,259</u>			<u>14,781,000</u>	<u>270,348</u>	<u>15,718,607</u>
Total liabilities	<u>1,040,005</u>	<u>612,156</u>	<u>23,226</u>	<u>15,151,593</u>	<u>972,358</u>	<u>17,799,338</u>
NET ASSETS						
Invested in capital assets, net of related debt	11,812,163	588,389	12,469	989	3,465,810	15,879,820
Unrestricted	8,121,286	734,561	163,874	(6,321,323)	4,628,437	7,326,835
Total net assets	<u>\$ 19,933,449</u>	<u>\$ 1,322,950</u>	<u>\$ 176,343</u>	<u>\$ (6,320,334)</u>	<u>\$ 8,094,247</u>	<u>\$ 23,206,655</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2002

	<u>Fleet Management Fund</u>	<u>Property Management Fund</u>	<u>Central Services Fund</u>	<u>Self Insurance Fund</u>	<u>Communications Fund</u>	<u>Total</u>
Operating revenues:						
Charges for services	\$ 5,676,689	\$ 6,178,342	\$ 700,575	\$ 10,137,125	\$ 7,436,191	\$ 30,128,922
Miscellaneous	95,312	22,635		683,687		801,634
Total operating revenues	<u>5,772,001</u>	<u>6,200,977</u>	<u>700,575</u>	<u>10,820,812</u>	<u>7,436,191</u>	<u>30,930,556</u>
Operating expenses:						
Personal services	1,020,776	2,794,706	242,996	402,871	2,359,074	6,820,423
Operating supplies	1,839,156	696,192	44,317	3,713,373	431,114	6,724,152
Contractual services	290,607	1,175,481	270,282	1,231,504	1,039,388	4,007,262
Utilities	43,780	547,356	67	1,003	781,864	1,374,070
Internal charges	555,153	514,674	56,885	24,678	631,226	1,782,616
Administrative fees	100,000	75,000	25,000	571,094	75,000	846,094
Depreciation	2,676,092	166,313	5,940	2,561	2,259,872	5,110,778
Insurance				1,856,149		1,856,149
Claims and judgements				5,176,614		5,176,614
Total operating expenses	<u>6,525,564</u>	<u>5,969,722</u>	<u>645,487</u>	<u>12,979,847</u>	<u>7,577,538</u>	<u>33,698,158</u>
Operating income (loss)	<u>(753,563)</u>	<u>231,255</u>	<u>55,088</u>	<u>(2,159,035)</u>	<u>(141,347)</u>	<u>(2,767,602)</u>
Nonoperating revenues (expenses):						
Interest and fiscal charges	(20,950)				(7,605)	(28,555)
Disposal of assets	50,780	4,380		(1,105)	(392,164)	(338,109)
Interest income	154,635	13,027	2,137	146,266	86,007	402,072
Total nonoperating revenues (expenses)	<u>184,465</u>	<u>17,407</u>	<u>2,137</u>	<u>145,161</u>	<u>(313,762)</u>	<u>35,408</u>
Income (loss) before contributions and transfers	<u>(569,098)</u>	<u>248,662</u>	<u>57,225</u>	<u>(2,013,874)</u>	<u>(455,109)</u>	<u>(2,732,194)</u>
Capital contributions	938,529	9,832		896		949,257
Transfers out		(4,311)		(8,664)	(56,497)	(69,472)
Change in net assets	<u>369,431</u>	<u>254,183</u>	<u>57,225</u>	<u>(2,021,642)</u>	<u>(511,606)</u>	<u>(1,852,409)</u>
Net assets--beginning	<u>19,564,018</u>	<u>1,068,767</u>	<u>119,118</u>	<u>(4,298,692)</u>	<u>8,605,853</u>	<u>25,059,064</u>
Net assets--ending	<u>\$ 19,933,449</u>	<u>\$ 1,322,950</u>	<u>\$ 176,343</u>	<u>\$ (6,320,334)</u>	<u>\$ 8,094,247</u>	<u>\$ 23,206,655</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, 2002

	Fleet Management Fund	Property Maintenance Fund	Central Services Fund	Self Insurance Fund	Communications Fund	Totals
Cash flows from operating activities:						
Cash received from users	\$ 5,676,689	\$ 6,178,342	\$ 709,680	\$ 10,111,595	\$ 7,439,562	\$ 30,115,868
Cash paid to suppliers	(2,756,948)	(2,425,871)	(355,575)	(7,055,329)	(2,499,393)	(15,093,116)
Cash paid to employees	(968,922)	(2,714,931)	(239,502)	(385,887)	(2,269,777)	(6,579,019)
Cash paid for claims and judgements				(4,106,614)		(4,106,614)
Internal charges-payments to other funds	(655,153)	(589,674)	(81,885)	(595,772)	(706,226)	(2,628,710)
Miscellaneous revenues	82,856	30,923		683,687		797,466
Net cash provided by (used in) operating activities	1,378,522	478,789	32,718	(1,348,320)	1,964,166	2,505,875
Cash flows for non-capital financing activities:						
Proceeds from loan	903,886				311,734	1,215,620
Repayment of loan	(77,514)				(13,546)	(91,060)
Transfers out		(4,311)		(8,664)	(56,497)	(69,472)
Net cash provided by (used in) non-capital financing activities	826,372	(4,311)		(8,664)	241,691	1,055,088
Cash flows from capital and related financial activities:						
Interest and fiscal charges	(15,553)				(5,592)	(21,145)
Purchase of fixed assets	(1,987,952)	(300,177)	(10,341)		(1,650,050)	(3,948,520)
Proceeds from sale of fixed assets	129,279	4,380			1,870	135,529
Net cash used in capital and related financial activities	(1,874,226)	(295,797)	(10,341)		(1,653,772)	(3,834,136)
Cash flows from investing activities:						
Interest on investments	154,635	13,027	2,137	146,266	86,007	402,072
Net cash provided by investing activities	154,635	13,027	2,137	146,266	86,007	402,072
Net increase (decrease) in cash and equivalents	485,303	191,708	24,514	(1,210,718)	638,092	128,899
Cash and investments - beginning of year	8,523,522	980,863	136,537	8,724,620	4,918,059	23,283,601
Cash and investments - end of year	\$ 9,008,825	\$ 1,172,571	\$ 161,051	\$ 7,513,902	\$ 5,556,151	\$ 23,412,500
Classified as:						
Current assets	\$ 9,008,825	\$ 1,172,571	\$ 161,051	\$ 100,000	\$ 5,556,151	\$ 15,998,598
Restricted assets				7,413,902		7,413,902
Total cash and investments	\$ 9,008,825	\$ 1,172,571	\$ 161,051	\$ 7,513,902	\$ 5,556,151	\$ 23,412,500
Non-cash transactions affecting financial position:						
Capital contributions of fixed assets	\$ 938,529	\$ 9,832		\$ 896		\$ 949,257

(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, 2002

(continued)

	Fleet Management Fund	Property Maintenance Fund	Central Services Fund	Self Insurance Fund	Communications Fund	Totals
Operating income (loss)	\$ (753,563)	\$ 231,255	\$ 55,088	\$ (2,159,035)	\$ (141,347)	\$ (2,767,602)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	2,676,092	166,313	5,940	2,561	2,259,872	5,110,778
Provision for uncollectible accounts	542	240	392		(5,138)	(3,964)
Changes in assets and liabilities:						
(Increase) decrease in inventories	(6,329)	(20,414)	2,295		(20,088)	(44,536)
(Increase) decrease in accounts receivable	(12,456)	9,175	(32)	(25,530)	3,248	(25,595)
(Increase) decrease in due from other funds		(887)	9,137		123	8,373
Increase in prepaid expense				(407,195)		(407,195)
Increase (decrease) in accounts payable	(586,326)	74,050	(42,079)	156,878	(220,241)	(617,718)
Increase in due to other funds	9,604					9,604
Increase in accrued compensated absences	43,098	57,311	2,521	14,003	66,983	183,916
Increase in pending insurance claims				1,116,000		1,116,000
Increase in insurance claims incurred but not reported				(46,000)		(46,000)
Increase (decrease) in accrued expenses	7,860	(38,254)	(544)	(2)	20,754	(10,186)
Total adjustments	<u>2,132,085</u>	<u>247,534</u>	<u>(22,370)</u>	<u>810,715</u>	<u>2,105,513</u>	<u>5,273,477</u>
Net cash provided by (used in) operating activities	<u>\$ 1,378,522</u>	<u>\$ 478,789</u>	<u>\$ 32,718</u>	<u>\$ (1,348,320)</u>	<u>\$ 1,964,166</u>	<u>\$ 2,505,875</u>

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

September 30, 2002

	Retirement System for General Employees	Retirement System for Police and Fire	Retirement System for Non- Civil Serv. Empl.	Totals
Assets				
Cash and cash equivalents	\$ 6,566	\$ 10,000	\$ 363,733	\$ 380,299
Accrued interest receivable	606,233	2,775,553	45,734	3,427,520
Investments, at fair value:				
Short-term investments	3,949,738	14,299,999	948,362	19,198,099
Commingled fixed income trust funds			16,722,556	16,722,556
U.S. Government securities	25,138,924	37,949,573		63,088,497
Corporate bonds	19,622,501	149,043,914		168,666,415
Common stocks and index funds	153,628,183	162,287,738	52,771,716	368,687,637
Money market funds		1,101,903		1,101,903
Collective investment fund		10,557,721		10,557,721
Total investments	<u>202,339,346</u>	<u>375,240,848</u>	<u>70,442,634</u>	<u>648,022,828</u>
Total assets	<u>202,952,145</u>	<u>378,026,401</u>	<u>70,852,101</u>	<u>651,830,647</u>
Liabilities				
Accounts payable		<u>4,046,133</u>	<u>184,552</u>	<u>4,230,685</u>
Total liabilities		<u>4,046,133</u>	<u>184,552</u>	<u>4,230,685</u>
Net Assets				
Held in trust for pension benefits	<u>\$ 202,952,145</u>	<u>\$ 373,980,268</u>	<u>\$ 70,667,549</u>	<u>\$ 647,599,962</u>

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

For the Fiscal Year Ended September 30, 2002

	Retirement System for General Employees	Retirement System for Police and Fire	Retirement System for Non- Civil Serv. Empl.	Totals
Additions:				
Contributions -				
Employer	\$	\$	\$	\$
Employee	2,224,750	3,510,328	746,820	6,693,687
Transfers from other systems		520,879	31,780	552,659
Other	11,409			11,409
Total contributions	<u>2,236,159</u>	<u>7,753,324</u>	<u>778,600</u>	<u>10,768,083</u>
Investment income -				
Net decrease in fair value of investments	(19,975,308)	(15,262,018)	(9,701,864)	(44,939,190)
Interest income	6,122,517	12,556,783	1,021,315	19,700,615
Dividends	766,509	2,831,052	832,432	4,429,993
	<u>(13,086,282)</u>	<u>125,817</u>	<u>(7,848,117)</u>	<u>(20,808,582)</u>
Investment management expenses	(396,005)	(1,153,310)	(196,103)	(1,745,418)
Deferred retirement option plan participants' loss		<u>(141)</u>		<u>(141)</u>
Net investment loss	<u>(13,482,287)</u>	<u>(1,027,634)</u>	<u>(8,044,220)</u>	<u>(22,554,141)</u>
Total additions (deductions)	<u>(11,246,128)</u>	<u>6,725,690</u>	<u>(7,265,620)</u>	<u>(11,786,058)</u>
Deductions:				
Benefit paid	14,176,098	20,107,750	4,052,113	38,335,961
Contributions refunded	200,941	102,885	133,808	437,634
Transfers to other systems	49,422			49,422
Administrative expenses	261,197	498,825	163,061	923,083
Total deductions	<u>14,687,658</u>	<u>20,709,460</u>	<u>4,348,982</u>	<u>39,746,100</u>
Net decrease	<u>(25,933,786)</u>	<u>(13,983,770)</u>	<u>(11,614,602)</u>	<u>(51,532,158)</u>
Net assets held in trust for pension benefits - beginning of year	<u>228,885,931</u>	<u>387,964,038</u>	<u>82,282,151</u>	<u>699,132,120</u>
Net assets held in trust for pension benefits - end of year	<u>\$ 202,952,145</u>	<u>\$ 373,980,268</u>	<u>\$ 70,667,549</u>	<u>\$ 647,599,962</u>

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

September 30, 2002

	<u>Miami Beach Visitor and Convention Authority</u>	<u>Miami Beach Health Facilities Authority</u>	<u>Total</u>
Assets			
Cash and investments	\$ 1,039,695	\$ 774,587	\$ 1,814,282
Accounts receivable	115,240	340,376	455,616
Capital assets, net of accumulated depreciation	<u>5,768</u>	<u></u>	<u>5,768</u>
Total assets	<u>1,160,703</u>	<u>1,114,963</u>	<u>2,275,666</u>
Liabilities			
Accounts payable	<u>14,214</u>	<u>318,080</u>	<u>332,294</u>
Total liabilities	<u>14,214</u>	<u>318,080</u>	<u>332,294</u>
Net Assets			
Invested in capital assets	5,768		5,768
Unrestricted	<u>1,140,721</u>	<u>796,883</u>	<u>1,937,604</u>
Total net assets	<u>\$ 1,146,489</u>	<u>\$ 796,883</u>	<u>\$ 1,943,372</u>

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

For the Fiscal Year Ended September 30, 2002

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>		<u>Totals</u>
		<u>Operating Grants and Contributions</u>	<u>Visitor and Convention Authority</u>	<u>Health Facilities Authority</u>	
Miami Beach Visitor and Convention Authority					
Cultural - grant program	\$ 727,923	\$ 82,213	\$ (645,710)	\$	\$ (645,710)
General administrative	140,831		(140,831)		(140,831)
Unallocated depreciation	2,903		(2,903)		(2,903)
Total Miami Beach Visitor and Convention Authority	<u>871,657</u>	<u>82,213</u>	<u>(789,444)</u>		<u>(789,444)</u>
Miami Beach Health Facilities Authority					
General administrative	318,255			(318,255)	(318,255)
Total component units	<u>\$ 1,189,912</u>	<u>\$ 82,213</u>			<u>(1,107,699)</u>
General revenues:					
Resort tax allocation			843,069		843,069
Financing fees				121,168	121,168
Contributions not restricted to specific programs			2,800		2,800
Interest			6,286	1,853	8,139
Net assets - beginning			1,083,778	992,117	2,075,895
Net assets - ending			<u>\$ 1,146,489</u>	<u>\$ 796,883</u>	<u>\$ 1,943,372</u>

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

For the Fiscal Years Ended September 30, 2002

	General Obligation Debt Service Fund			Miami Beach Redevelopment Agency Debt Service Fund			Totals		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues									
Property taxes	\$ 9,768,132	\$ 9,644,645	\$ (123,487)	\$	\$	\$	\$ 9,768,132	\$ 9,644,645	\$ (123,487)
Contributions from other funds									
Interest income		154	154	310,000	134,244	(175,756)	310,000	134,398	(175,602)
Other		8,800	8,800					8,800	8,800
Total revenues	<u>9,768,132</u>	<u>9,653,599</u>	<u>(114,533)</u>	<u>310,000</u>	<u>134,244</u>	<u>(175,756)</u>	<u>10,078,132</u>	<u>9,787,843</u>	<u>(290,289)</u>
Expenditures									
Debt Service:									
Principal payments	7,175,000	7,175,000		2,680,000	2,680,000		9,855,000	9,855,000	
Interest payments	2,593,132	2,573,150	19,982	7,272,125	7,243,956	28,169	9,865,257	9,817,106	48,151
Total expenditures	<u>9,768,132</u>	<u>9,748,150</u>	<u>19,982</u>	<u>9,952,125</u>	<u>9,923,956</u>	<u>28,169</u>	<u>19,720,257</u>	<u>19,672,106</u>	<u>48,151</u>
Excess of revenues over expenditures		(94,551)	(94,551)	(9,642,125)	(9,789,712)	(147,587)	(9,642,125)	(9,884,263)	(242,138)
Other financing sources (uses)									
Transfers in		93,494	93,494	22,684,095	9,658,240	(13,025,855)	22,684,095	9,751,734	(12,932,361)
Transfers out				(13,041,970)		13,041,970	(13,041,970)		13,041,970
Total other financing sources		<u>93,494</u>	<u>93,494</u>	<u>9,642,125</u>	<u>9,658,240</u>	<u>16,115</u>	<u>9,642,125</u>	<u>9,751,734</u>	<u>109,609</u>
Net change in fund balances		<u>(1,057)</u>	<u>(1,057)</u>		<u>(131,472)</u>	<u>(131,472)</u>		<u>(132,529)</u>	<u>(132,529)</u>
Fund balances - beginning	1,205,431	1,205,431		9,155,391	9,155,391		10,360,822	10,360,822	
Fund balances - ending	<u>\$ 1,205,431</u>	<u>\$ 1,204,374</u>	<u>\$ (1,057)</u>	<u>\$ 9,155,391</u>	<u>\$ 9,023,919</u>	<u>\$ (131,472)</u>	<u>\$ 10,360,822</u>	<u>\$ 10,228,293</u>	<u>\$ (132,529)</u>

**CITY OF MIAMI BEACH, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE**

September 30, 2002

Governmental funds capital assets:	
Land	\$ 76,795,251
Buildings	111,477,512
Permanent improvements	68,638,110
Furniture and fixtures	1,247,848
Equipment	3,624,525
Infrastructure	116,795,794
Construction in progress	<u>106,750,826</u>
 Total governmental funds capital assets	 \$ <u><u>485,329,866</u></u>

Investment in governmental funds capital assets by source:	
Balance at 9/30/86	\$ 122,768,007
General fund	4,879,491
Bond fund	247,696,406
Special revenue funds	9,195,705
Trust and agency funds	3,434,733
Redevelopment agency funds	<u>97,355,524</u>
 Total governmental funds capital assets	 \$ <u><u>485,329,866</u></u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF MIAMI BEACH, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
September 30, 2002

Function and Activity	Land	Buildings	Furniture and Fixtures	Equipment	Permanent Improvements	Infrastructure	Constuction Work-in-progress	Total	
General government:									
Mayor and commission	\$	\$	\$ 9,916	\$ 65,066	\$	\$	\$	\$ 74,982	
City manager			24,864	7,988				32,852	
City clerk			14,177	357,782				371,959	
Internal audit			10,671	1,129				11,800	
Management and budget			14,750	652				15,402	
Finance			132,354	25,994				158,348	
Human resources				10,165				10,165	
Procurement			3,641	1,583				5,224	
City attorney			34,939	4,078				39,017	
Planning			7,207	6,492				13,699	
Special programs			608	943				1,551	
Engineering			3,610	71,911				75,521	
Construction and financial management			46,099	2,004				48,103	
Unclassified	<u>14,321,214</u>	<u>27,636,659</u>			<u>15,036,005</u>		<u>3,965,139</u>	<u>60,959,017</u>	
Total general government	<u>14,321,214</u>	<u>27,636,659</u>	<u>302,836</u>	<u>555,787</u>	<u>15,036,005</u>		<u>3,965,139</u>	<u>61,817,640</u>	61,817,640
Public safety:									
Beach patrol			97,622	43,938				141,560	
Building services			11,126	48,829				59,955	
Fire	1,340,550	2,014,526	29,448	911,701	1,687,724		2,570,357	8,554,306	
Police		29,708,037	607,219	1,334,139	12,049,196		193,110	43,891,701	
Emergency 911							1,225,476	1,225,476	
Total public safety	<u>1,340,550</u>	<u>31,722,563</u>	<u>745,415</u>	<u>2,338,607</u>	<u>13,736,920</u>		<u>3,988,943</u>	<u>53,872,998</u>	53,872,998
Physical environment							2,762,412	2,762,412	
Transportation									
Streets			1,388	153,938		61,822,843	30,334,878	92,313,047	
Bridges						19,842,797	2,756	19,845,553	
Sidewalks and Walkways						32,578,136	17,819,895	50,398,031	
Unclassified	966,037	361,508	1,050	1,129		1,021,783	880,138	3,231,645	
Total transportation	<u>966,037</u>	<u>361,508</u>	<u>2,438</u>	<u>155,067</u>		<u>115,265,559</u>	<u>49,037,667</u>	<u>165,788,276</u>	165,788,276
Economic environment									
Redevelopment Agency	49,850,853	34,840,724			2,508,051		10,155,896	97,355,524	
Unclassified			7,870	7,705			117,448	133,023	
Total economic environment	<u>49,850,853</u>	<u>34,840,724</u>	<u>7,870</u>	<u>7,705</u>	<u>2,508,051</u>		<u>10,273,344</u>	<u>97,488,547</u>	97,488,547
Human services			5,657	649			857,277	863,583	863,583
Culture and recreation	10,316,597	16,916,058	183,632	566,710	37,357,134	1,530,235	35,866,044	102,736,410	102,736,410
Total governmental funds capital assets	<u>\$ 76,795,251</u>	<u>\$ 111,477,512</u>	<u>\$ 1,247,848</u>	<u>\$ 3,624,525</u>	<u>\$ 68,638,110</u>	<u>\$ 116,795,794</u>	<u>\$ 106,750,825</u>	<u>\$ 485,329,866</u>	485,329,865

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF MIAMI BEACH, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For the Fiscal Year Ended September 30, 2002

<u>Function and Activity</u>	Governmental Funds Capital Assets October 1, 2001	Additions	Deletions	Governmental Funds Capital Assets September 30, 2002
General government:				
Mayor and commission	\$ 24,837	\$ 50,145	\$	\$ 74,982
City manager	32,852			32,852
City clerk	248,662	123,297		371,959
Internal audit	12,385		585	11,800
Management and budget	14,297	1,105		15,402
Finance	143,248	16,635	1,535	158,348
Human resources	10,165			10,165
Procurement	5,419	926	1,121	5,224
City attorney	39,017			39,017
Planning	13,699			13,699
Special programs	23,831	608	22,888	1,551
Engineering	59,289	16,232		75,521
Construction and financial management	890	47,213		48,103
Unclassified	60,645,651	313,366		60,959,017
Total general government	<u>61,274,242</u>	<u>569,527</u>	<u>26,129</u>	<u>61,817,640</u>
Public safety:				
Beach patrol	79,390	62,970	800	141,560
Building services	60,490	669	1,204	59,955
Fire	8,271,615	282,691		8,554,306
Police	43,837,834	53,867		43,891,701
Emergency 911	1,225,476			1,225,476
Total public safety	<u>53,474,805</u>	<u>400,197</u>	<u>2,004</u>	<u>53,872,998</u>
Physical environment	2,754,441	7,971		2,762,412
Transportation				
Streets	90,978,382	1,334,665		92,313,047
Bridges	19,845,553			19,845,553
Sidewalks and Walkways	50,398,031			50,398,031
Unclassified	3,224,336	7,309		3,231,645
Total transportation	<u>164,446,302</u>	<u>1,341,974</u>		<u>165,788,276</u>
Economic environment				
Redevelopment Agency	92,010,447	5,356,255	11,178	97,355,524
Unclassified	135,359	2,396	4,732	133,023
Total economic environment	<u>92,145,806</u>	<u>5,358,651</u>	<u>15,910</u>	<u>97,488,547</u>
Human services	853,778	9,805		863,583
Culture and recreation	91,836,627	11,360,192	460,409	102,736,410
Total governmental funds capital assets	<u>\$ 466,786,001</u>	<u>\$ 19,048,317</u>	<u>\$ 504,452</u>	<u>\$ 485,329,866</u>

STATISTICAL SECTION

CITY OF MIAMI BEACH, FLORIDA

GOVERNMENT-WIDE EXPENSES BY FUNCTION

FISCAL YEAR 2002

Fiscal Year	General Governmental Services	Public Safety	Physical Environment	Transportation	Economic Environment	Human Services	Culture and Recreational	Interest on Long-term Debt	Storm Water	Water	Sewer	Parking	Convention Center	Other	Total
2001-02	\$ 25,829,313	\$ 84,602,292	\$ 2,895,202	\$ 8,933,603	\$ 8,501,119	\$ 1,495,853	\$ 31,672,707	\$ 16,334,853	\$ 4,020,379	\$ 14,939,612	\$ 25,460,076	\$ 15,172,305	\$ 13,469,379	\$ 7,270,318	\$ 260,597,011

CITY OF MIAMI BEACH, FLORIDA

GOVERNMENT-WIDE REVENUES

FISCAL YEAR 2002

Fiscal Year	Program Revenues			General Revenues									Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Franchise Fees	Licenses and Permits	Intergovernmental	Rents and Leases	Fines and Forfeitures	Unrestricted Investment Earnings	Loss on Disposal of Capital Assets	Miscellaneous Revenues	
2001-02	\$ 91,913,235	\$ 47,536,989	\$ 3,929,445	\$ 88,291,007	\$ 7,037,263	\$ 8,095,001	\$ 9,108,632	\$ 2,585,253	\$ 1,716,378	\$ 10,882,398	\$ (220,764)	\$ 8,925,770	\$ 279,800,607

CITY OF MIAMI BEACH, FLORIDA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
FISCAL YEARS 1993 THRU 2002

<u>Fiscal Year</u>	<u>General Governmental Services</u>	<u>Public Safety</u>	<u>Physical Environment</u>	<u>Transportation</u>	<u>Economic Environment</u>	<u>Human Services</u>	<u>Culture and Recreational</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
1992-93	\$ 24,624,616	\$ 50,412,973	\$ 464,315	\$ 1,801,365	\$ 5,106,163	\$ 1,021,702	\$ 15,141,349	\$ 3,632,204	\$ 18,532,247	\$ 120,736,934
1993-94	22,575,303	53,345,455	572,257	2,396,628	9,692,768	1,027,189	13,480,977	30,836,399	19,363,852	153,290,828
1994-95	20,835,371	54,813,459	658,030	3,347,444	29,534,395	1,121,751	14,826,642	14,252,327	28,840,606	168,230,025
1995-96	20,941,128	62,933,681	686,057	2,554,165	18,349,154	1,201,662	15,996,399	32,570,017	80,191,231	235,423,494
1996-97	22,384,898	68,234,685	1,224,000	4,337,123	14,397,098	1,429,734	24,057,499	32,838,592	24,383,669	193,287,298
1997-98	18,283,710	63,840,665	1,137,695	4,254,646	28,664,258	1,319,429	25,819,305	23,730,228	25,938,074	192,988,010
1998-99	18,428,875	66,734,465	1,378,702	4,210,852	16,283,449	1,394,266	28,213,051	8,831,803	28,639,486	174,114,949
1999-00	21,954,415	69,148,299	1,804,023	5,730,066	19,922,509	1,770,908	21,864,799	8,450,864	28,667,593	179,313,476
2000-01	24,220,165	76,078,962	2,102,658	5,881,028	23,147,260	1,471,188	23,700,822	7,949,884	61,402,547	225,954,514
2001-02	23,347,222	80,517,633	2,445,618	5,884,156	23,481,387	1,444,552	24,816,696	25,237,295	28,568,550	215,743,109

Includes general, special revenue, debt service and capital project funds.

CITY OF MIAMI BEACH, FLORIDA
GENERAL GOVERNMENTAL REVENUES BY SOURCE

FISCAL YEARS 1993 THRU 2002

Fiscal Year	General Property Taxes	Franchise Fees	Utility Service Taxes	Other Taxes	Licenses and Permits	Inter-governmental Revenue	Sales and Charges for Services	Fines and Forfeitures	Interest Income	Miscellaneous Revenues	Total
1992-93	\$ 46,102,609	\$ 5,834,933	\$ 9,634,007	\$ 21,252,571	\$ 6,026,751	\$ 18,547,912	\$ 3,974,198	\$ 2,153,095	\$ 2,348,719	\$ 10,086,789	\$ 125,961,584
1993-94	45,933,970	6,003,945	8,960,948	18,707,868	6,244,792	22,128,965	2,741,518	2,531,110	3,112,896	14,982,310	131,348,322
1994-95	46,885,783	6,056,853	9,293,275	21,367,372	6,038,464	24,681,126	2,767,351	3,160,349	6,287,302	17,490,057	144,027,932
1995-96	51,834,737	6,544,616	9,691,671	19,555,057	6,282,396	69,273,008	5,318,398	1,011,077	6,015,122	32,497,558	208,023,640
1996-97	55,496,245	6,167,992	10,278,584	14,149,832	7,623,771	23,769,707	5,659,359	1,391,765	8,278,223	25,828,277	158,643,755
1997-98	57,193,099	6,627,409	10,611,102	15,311,962	8,119,683	24,490,609	5,999,608	1,203,373	7,696,734	16,706,561	153,960,140
1998-99	60,611,944	6,721,850	11,163,676	19,217,373	8,579,138	28,142,226	6,442,465	1,373,528	8,082,323	15,854,964	166,189,487
1999-00	64,235,654	6,440,426	11,234,997	22,144,229	8,425,325	34,625,741	7,254,522	1,556,047	8,987,845	16,250,176	181,154,962
2000-01	68,603,879	8,013,954	11,703,187	23,684,024	9,707,800	36,747,497	10,214,631	1,745,578	10,228,765	15,918,348	196,567,663
2001-02	75,205,177	7,037,263	13,348,286	21,021,618	9,627,491	41,839,284	3,852,911	3,172,906	4,898,871	18,471,663	198,475,470

Includes general, special revenue, debt service and capital project funds.

CITY OF MIAMI BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
FISCAL YEARS 1992 THRU 2001

Tax Year (1)	Assessed Valuations (3)		Total Tax Levy	Total Collected in Year (2)	Percent Collected
	Including Homesteads	Excluding Homesteads			
1992	\$ 4,726,911,403	\$ 3,932,985,608	\$ 45,610,535	\$ 46,102,609	101.1
1993	5,354,688,618	4,444,391,552	45,477,364	45,933,970	101.0
1994	6,369,445,913	5,286,640,108	47,359,133	46,885,783	99.0
1995	6,713,103,433	5,639,006,884	51,698,797	51,834,737	100.3
1996	7,161,079,764	6,015,307,002	54,155,090	55,496,245	102.4
1997	7,635,026,033	6,413,421,868	57,447,414	57,193,099	99.6
1998	8,168,481,094	6,861,524,119	60,374,366	60,611,944	100.4
1999	8,983,694,474	7,546,303,358	64,293,224	64,235,654	99.9
2000	9,784,381,355	8,218,880,338	69,078,101	68,603,879	99.3
2001	10,980,255,120	9,223,414,301	75,968,310	75,205,177	99.0

(1) Assessments as of January 1 of the year listed; bills mailed in October of that year; taxes become delinquent at the end of April of the subsequent year.

(2) Actual collections of current and delinquent Real and Personal Property Taxes.

(3) Assessments are at 100% of fair market value.

CITY OF MIAMI BEACH, FLORIDA

STATEMENT OF TAX LEVIES AND TAX RATES

FISCAL YEARS 1993 THRU 2002

Fiscal Year	General Fund		Debt Service Fund		Total	
	Tax Levy	Millage	Tax Levy	Millage	Tax Levy	Millage
1993	\$ 35,812,374	9.302	\$ 9,798,161	2.545	\$ 45,610,535	11.847
1994	35,514,506	8.238	9,962,858	2.311	45,477,364	10.549
1995	36,629,597	7.143	10,729,536	2.039	47,359,133	9.182
1996	41,330,511	7.499	10,368,286	1.862	51,698,797	9.361
1997	44,018,979	7.499	11,028,582	1.879	55,047,561	9.378
1998	46,775,045	7.499	10,672,369	1.711	57,447,414	9.210
1999	50,400,464	7.499	9,973,902	1.484	60,374,366	8.983
2000	55,430,546	7.499	8,862,678	1.484	64,293,224	8.983
2001	59,743,877	7.399	9,334,224	1.156	69,078,101	8.555
2002	66,200,178	7.299	9,768,132	1.077	75,968,310	8.376

**CITY OF MIAMI BEACH, FLORIDA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS**

(PER \$1,000 OF ASSESSED VALUE)

Last Ten Fiscal Years

Fiscal Year Ended September 30,	City of Miami Beach			School District Millage	County Millage	State Millage	Total
	Operating Millage	Debt Service Millage	Total City Millage				
1993	9.302	2.545	11.847	9.923	9.236	0.648	31.654
1994	8.238	2.311	10.549	10.266	9.202	0.652	30.669
1995	7.143	2.039	9.182	10.345	8.413	0.702	28.642
1996	7.499	1.862	9.361	10.390	7.946	0.687	28.384
1997	7.499	1.879	9.378	10.366	7.582	0.710	28.036
1998	7.499	1.711	9.210	10.462	7.268	0.747	27.687
1999	7.499	1.484	8.983	10.160	7.194	0.744	27.081
2000	7.499	1.199	8.698	9.644	6.946	0.741	26.029
2001	7.399	1.156	8.555	9.617	6.754	0.738	25.664
2002	7.299	1.077	8.376	9.376	6.716	0.736	25.204

**CITY OF MIAMI BEACH, FLORIDA
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUATION AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Net Assessed Valuation (000)</u>	<u>Net Bonded Debt (000)</u>	<u>Percentage</u>	<u>Population (Est.)</u>	<u>Net Bonded Debt Per Capita</u>
1993	\$ 3,932,985	\$ 63,472	1.61	94,725	\$ 670
1994	4,444,391	56,567	1.27	95,160	594
1995	5,286,640	49,041	0.93	93,681	523
1996	5,639,006	41,166	0.73	91,775	448
1997	6,015,307	32,851	0.55	91,848	358
1998	6,413,422	40,586	0.63	92,927	440
1999	6,861,524	34,140	0.50	93,464	365
2000	7,546,303	56,835	0.75	94,012	605
2001	8,218,880	49,780	0.61	87,933	566
2002	9,223,414	42,606	0.46	88,158	483

CITY OF MIAMI BEACH, FLORIDA
COMPUTATION OF LEGAL DEBT MARGIN

September 30, 2002

Debt limit per City Charter for general obligation bonds is 15% of the assessed valuation (\$9,223,414,301)	\$ 1,383,512,145
General obligation bonds outstanding as of September 30, 2002	<u>43,810,000</u>
Legal debt margin	<u>\$ 1,339,702,145</u>

CITY OF MIAMI BEACH, FLORIDA

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT

SEPTEMBER 30, 2002

DIRECT DEBT

General obligation indebtedness		\$ 42,605,626
Public improvement bonds (net of amount available)		

Non-self-supporting indebtedness: (1)

Resort Tax Revenue Refunding Bonds, Series 1996	3,590,000	
Gulf Breeze Government Loan Program	39,001,954	
Sunshine State Loan Program	6,265,000	
Pension Obligation Bonds	46,765,000	
Tax Increment Revenue Bonds	<u>100,830,000</u>	
	196,451,954	
Less: Reserve funds	<u>11,630,415</u>	
Total non-self-supporting indebtedness		<u>184,821,539</u>

Total direct indebtedness		<u>227,427,165</u>
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OVERLAPPING DEBT (2)

Miami-Dade County		
Total general obligation indebtedness	270,986,000	
Percent applicable to City - 8.56% (3)		23,196,402
Total school district obligation indebtedness	845,445,000	
Percent applicable to City - 8.56% (3)		72,370,092
Total net non-self-supporting indebtedness	257,022,000	
Percent applicable to City - 8.56% (3)		<u>22,001,083</u>

Total overlapping debt		<u>117,567,577</u>
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TOTAL DIRECT AND OVERLAPPING DEBT		<u>\$ 344,994,742</u>
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- (1) Excludes self-supporting debt obligations.
- (2) All debt listed as Overlapping Debt is secured either solely from a tax source or from a combination of self-supporting revenues and a tax source.
- (3) Based upon 2001 assessed valuation figures for the City and Dade County.

CITY OF MIAMI BEACH, FLORIDA
RATIO OF GENERAL OBLIGATION DEBT SERVICE
TO GENERAL FUND EXPENDITURES
FISCAL YEARS 1993 THRU 2002

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>General Fund Expenditures</u>	<u>Ratio</u>
1993	\$ 7,825,000	\$ 2,907,212	\$ 10,732,212	\$ 75,206,612	14.3 %
1994	6,995,000	3,394,197	10,389,197	79,387,545	13.1
1995	7,685,000	3,037,857	10,722,857	84,796,247	12.7
1996	7,720,000	2,627,032	10,347,032	92,550,848	11.2
1997	7,830,000	2,215,653	10,045,653	99,511,671	10.1
1998	7,870,000	2,376,070	10,246,070	94,960,467	10.8
1999	7,910,000	3,092,962	11,002,962	99,953,313	11.0
2000	7,190,000	1,661,504	8,851,504	110,241,654	8.0
2001	6,550,000	2,767,414	9,317,414	123,123,288	7.6
2002	7,175,000	2,573,150	9,748,150	133,879,664	7.3

CITY OF MIAMI BEACH, FLORIDA

REVENUE BOND COVERAGE

FISCAL YEARS 1993 THRU 2002

Parking Revenue Bonds (1)

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
Revenue	\$ 22,848,169	\$ 22,208,213	\$ 17,945,290	\$ 15,953,438	\$ 14,571,340	\$ 12,837,146	\$ 10,929,504	\$ 7,146,856	\$ 4,973,028	\$ 4,676,924
Expenses (2)	<u>9,954,419</u>	<u>7,821,393</u>	<u>7,888,439</u>	<u>7,274,366</u>	<u>7,262,681</u>	<u>6,783,627</u>	<u>5,797,474</u>	<u>4,526,570</u>	<u>3,133,586</u>	<u>2,642,263</u>
Net Revenues Available for Debt Service	<u>12,893,750</u>	<u>14,386,820</u>	<u>10,056,851</u>	<u>8,679,072</u>	<u>7,308,659</u>	<u>6,053,519</u>	<u>5,132,030</u>	<u>2,620,286</u>	<u>1,839,442</u>	<u>2,034,661</u>
Debt Service Cost										
Principal	800,000	765,000	735,000	710,000	640,000	615,000	510,000	400,000	370,000	350,000
Interest	1,380,961	1,412,526	1,442,026	1,469,106	1,581,361	450,795	596,332	746,500	775,330	793,670
Total	<u>\$ 2,180,961</u>	<u>\$ 2,177,526</u>	<u>\$ 2,177,026</u>	<u>\$ 2,179,106</u>	<u>\$ 2,221,361</u>	<u>\$ 1,065,795</u>	<u>\$ 1,106,332</u>	<u>\$ 1,146,500</u>	<u>\$ 1,145,330</u>	<u>\$ 1,143,670</u>
Coverage	<u>5.91</u>	<u>6.61</u>	<u>4.62</u>	<u>3.98</u>	<u>3.29</u>	<u>5.68</u>	<u>4.63</u>	<u>2.29</u>	<u>1.61</u>	<u>1.78</u>

(1) Additional Parking Revenue Bonds issued on August 28, 1997 in the amount of \$21,000,000.

(2) Expenses as defined in the indenture as reasonable expenses of operation and maintenance of the system before depreciation, administrative fees and transfers.

(3) Minimum revenue coverage is 1.35 per bond covenants.

Water & Sewer Revenue Bonds

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Revenue	\$ 47,321,117	\$ 48,275,631	\$ 44,439,127	\$ 45,079,591	\$ 40,534,718	\$ 33,729,358	\$ 34,444,847	\$ 30,163,231
Expenses (1)	<u>33,694,318</u>	<u>31,915,870</u>	<u>32,553,919</u>	<u>31,778,525</u>	<u>30,175,856</u>	<u>28,415,087</u>	<u>26,226,618</u>	<u>24,055,416</u>
Net Revenues Available for Debt Service	<u>13,626,799</u>	<u>16,359,761</u>	<u>11,885,208</u>	<u>13,301,066</u>	<u>10,358,862</u>	<u>5,314,271</u>	<u>8,218,229</u>	<u>6,107,815</u>
Debt Service Cost								
Principal	2,370,000	2,265,000	2,165,000	2,070,000	1,985,000	1,900,000	1,825,000	-
Interest	5,416,700	5,652,704	2,667,906	2,761,056	2,849,389	2,932,039	3,009,143	885,892
Total	<u>\$ 7,786,700</u>	<u>\$ 7,917,704</u>	<u>\$ 4,832,906</u>	<u>\$ 4,831,056</u>	<u>\$ 4,834,389</u>	<u>\$ 4,832,039</u>	<u>\$ 4,834,143</u>	<u>\$ 885,892</u>
Coverage	<u>1.75</u>	<u>2.07</u>	<u>2.46</u>	<u>2.75</u>	<u>2.14</u>	<u>1.10</u>	<u>1.70</u>	<u>6.89</u>

(1) Expenses as defined in the indenture as reasonable expenses of operation and maintenance of the system before depreciation, administrative fees and transfers.

(2) Minimum revenue coverage is 1.10 per bond covenants.

(3) Prior years' information not available as bonds were issued during fiscal 1995.

CITY OF MIAMI BEACH, FLORIDA

DEMOGRAPHIC STATISTICS

LAST TEN YEARS

<u>Year</u>	<u>Population</u>	<u>Auto Tags Miami-Dade County</u>	<u>Bank Deposits Miami-Dade County (Thousands)</u>	<u>Public School Enrollment Miami-Dade County</u>	<u>Unemployment Rate Miami-Dade County</u>
1992	93,461	2,272,812	22,072	302,163	10.0 %
1993	95,160	2,284,759	22,585	297,873	7.7
1994	93,681	2,274,404	23,163	307,066	8.0
1995	91,775	2,204,356	25,154	314,853	7.3
1996	91,848	2,426,683	27,641	341,120	7.3
1997	92,927	2,421,725	34,081	332,216	7.1
1998	93,464	2,401,647	36,230	337,103	6.5
1999	94,012	2,392,339	39,633	343,653	5.8
2000	87,933	2,420,074	40,543	350,920	5.3
2001	88,158	2,533,220	45,064	359,313	6.9

Source: Florida Statistical Abstract, 2002.

CITY OF MIAMI BEACH , FLORIDA
VALUE OF BUILDING PERMITS ISSUED

LAST TEN YEARS

FISCAL YEARS 1993 THRU 2002

<u>Year</u>	<u>New Constuction</u>	<u>Existing Structures Additions, Rehabilitation, Etc.</u>	<u>Total Value</u>
1993	\$ 150,549,661	\$ 81,156,235	\$ 231,705,896
1994	91,566,442	68,358,627	159,925,069
1995	147,712,100	56,564,305	204,276,405
1996	137,664,000	60,538,264	198,202,264
1997	96,643,651	82,576,295	179,219,946
1998	74,513,600	177,283,873	251,797,473
1999	211,236,200	107,085,431	318,321,631
2000	49,650,000	64,200,062	113,850,062
2001	247,811,274	133,427,438	381,238,712
2002	119,622,534	65,408,841	185,031,375

Source: City of Miami Beach - Building Department, 2002.

CITY OF MIAMI BEACH, FLORIDA

TEN LARGEST TAXPAYERS

2002

<u>Owner</u>	<u>Type of Property</u>	<u>Assessed Value</u>	<u>Percentage of Total</u>
Hotelerama Assoc. Ltd.	Hotel	\$ 101,259,711	20.12 %
Miami Beach Redevelopment Inc	Hotel	93,962,389	18.67
Morton Towers Apts. LP	Apartments	51,977,720	10.33
Nine Island Avenue Condo	Apartments	46,408,920	9.22
Gumenick Family Inv. No. 1 Ltd.	Apartments	37,942,593	7.54
Roney Plaza Associates, Ltd.	Apartments	36,400,000	7.23
Tower Forty One Condo	Apartments	36,221,820	7.20
IHC/Miami Beach Corp.	Hotel	34,600,391	6.87
Maison Grande Condo	Apartments	32,488,730	6.45
RDP Royal Palm Hotel LP	Hotel	<u>32,042,192</u>	<u>6.37</u>
		\$ <u>503,304,466</u>	<u>100.00 %</u>

Source: Miami-Dade County, Florida; Department of Property Appraisal;
City of Miami Beach Valuation Roll, 2002.

CITY OF MIAMI BEACH, FLORIDA
TEN LARGEST PUBLIC AND PRIVATE EMPLOYERS
LOCATED IN MIAMI-DADE COUNTY

<u>Ten Largest Public Employers</u>		<u>Ten Largest Private Employers</u>	
Miami-Dade County Public Schools	37,500	American Airlines	9,000
Miami-Dade County	30,000	University of Miami	8,000
Federal Government	18,276	Baptist Health Systems of South Florida	7,500
State of Florida	18,100	Precision Response Corporation	4,346
Jackson Memorial Hospital	10,000	BellSouth	4,240
City of Miami	3,400	MasTec	4,000
Florida International University	2,591	Royal Caribbean International/Celebrity Cruise	4,000
Miami-Dade Community College	2,400	Publix Super Markets	4,000
Miami VA Medical Center	2,000	Florida Power & Light Co.	3,823
City of Miami Beach	1,702	Mount Sinai Medical Center	3,300

Source: The Beacon Council

**CITY OF MIAMI BEACH, FLORIDA
MISCELLANEOUS STATISTICS**

**PER CAPITA PERSONAL INCOME
(CURRENT DOLLARS)**

Year	Miami-Dade County		Florida		United States
	Current Dollars	Percent of U.S.	Current Dollars	Percent of U.S.	Current Dollars
1991	\$18,252	95.6 %	18,985	99.4 %	\$19,091
1992	17,340	86.2	19,797	98.5	20,105
1993	19,779	95.1	20,828	100.1	20,800
1994	20,362	93.8	21,767	100.3	21,696
1995	21,058	90.8	23,031	99.3	23,196
1996	22,370	91.5	24,198	99.0	24,436
1997	21,688	85.8	24,799	98.1	25,288
1998	23,919	87.9	26,845	98.6	27,203
1999	24,733	86.6	27,781	97.3	27,781
2000	25,320	85.9	27,764	94.2	29,469

POPULATION ESTIMATES

	Miami Beach		State of Florida		United States	
	Population	Change %	Population	Change %	Population	Change %
1992 (1)	93,461	0.5	13,424,416	1.7	256,300,000	1.9
1993	95,160	1.8	13,608,627	1.4	257,908,000	0.6
1994	93,681	(1.5)	13,878,905	1.9	260,341,000	0.9
1995	91,775	(2.1)	14,149,317	1.9	262,755,000	0.9
1996	91,848	0.1	14,411,563	1.8	265,284,000	0.9
1997	92,927	1.2	14,712,922	2.1	267,636,000	0.9
1998	93,464	0.6	15,000,475	1.9	270,299,000	0.9
1999	94,012	0.6	15,322,040	2.1	272,691,000	0.9
2000	87,933	(6.5)	15,982,378	4.3	281,422,000	3.2
2001	88,158	0.3	16,331,739	2.2	284,797,000	1.2

(1) U. S. Census

Source: Florida Statistical Abstract, 2002.



City of Miami Beach

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