

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2010

CITY OF MIAMI BEACH, FLORIDA

City of Miami Beach, Florida

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2010

Jorge M. Gonzalez
City Manager

Patricia D. Walker
Chief Financial Officer

Report prepared by: Finance Department

Cover picture

Municipal Multipurpose Parking Facility
1721- 55 Meridian Avenue
<http://web.miamibeachfl.gov/>

**City of Miami Beach, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2010**

TABLE OF CONTENTS

<u>Introductory Section</u>	Page
Letter of Transmittal	1
GFOA Certificate of Achievement.....	6
Organizational Chart	7
List of Elected Officials and Administration	8
 <u>Financial Section</u> 	
Independent Auditor’s Report	9
Management’s Discussion and Analysis	11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	28
Statement of Activities	29
Fund Financial Statements:	
Governmental	
Balance Sheet – Governmental Funds.....	30
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	31
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	33
Proprietary	
Statement of Net Assets – Proprietary Funds	34
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	35
Statement of Cash Flows - Proprietary Funds.....	36
Fiduciary	
Statement of Fiduciary Net Assets - Fiduciary Funds	38
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds.....	39
Notes to Financial Statements	40
 <u>Required Supplementary Information (RSI)</u> 	
Schedule of Funding Progress – Retirement Systems	91

**Table of Contents
(Continued)**

Page

**Schedules of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual:**

General Fund.....	92
Special Revenue Funds	93
Notes to Required Supplementary Information.....	94

Supplementary Information

Combining and Individual Nonmajor Fund Statements and Schedules:

Nature and Purpose of Nonmajor Governmental Funds.....	95
Governmental Funds:	
Combined Balance Sheet – Nonmajor Governmental Funds	96
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	97
Special Revenue Funds:	
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	99
Debt Service Funds:	
Combining Balance Sheet – Nonmajor Debt Service Funds	100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds.....	101
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, Nonmajor Debt Service Funds.....	102
Enterprise Funds:	
Combining Statement of Net Assets – Nonmajor Enterprise Funds	103
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Nonmajor Enterprise Funds	104
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	105
Internal Service Funds:	
Combining Statement of Net Assets – Internal Service Funds	107
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds	108
Combining Statement of Cash Flows – Internal Service Funds.....	109
Pension and OPEB Trust Funds:	
Combining Statement of Plan Net Assets	111
Combining Statement of Changes in Plan Net Assets	112
Agency Funds:	
Statement of Changes in Assets and Liabilities – Agency Fund.....	113

**Table of Contents
(Continued)**

Page

Component Units:

Combining Statement of Net Assets – Discretely Presented Component Units	114
Combining Statement of Activities – Discretely Presented Component Units	115

Statistical Section (Unaudited)

Nature and Purpose of Statistical Section	116
---	-----

Financial Trends:

Net Assets by Component	117
Changes in Net Assets	118
Fund Balances, Governmental Funds	119
Changes in Fund Balances, Governmental Funds	120

Revenue Capacity:

Assessed Value and Actual Value of Taxable Property	121
Direct and Overlapping Property Tax Rates	122
Principal Property Tax Payers	123
Property Tax Levies and Collections	124

Debt Capacity:

Ratios of Outstanding Debt by Type	125
Ratios of General Bonded Debt Outstanding	126
Legal Debt Margin Information	127
Revenue Bond Coverage	128
Computation of Direct and Overlapping Bonded Debt	129

Demographic and Economic Information:

Demographic and Economic Statistics	130
Principal Employers – Miami-Dade County	131

Operating Information:

Full-time Equivalent City Government Employees by Function/Program	132
Operating Indicators by Function/Program	133
Capital Asset Statistics by Function/Program	134

INTRODUCTORY SECTION



MIAMIBEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

March 30, 2011

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, 2010.

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

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

State statutes require an annual audit by independent certified public accountants. The selection of the accounting firm McGladrey & Pullen, LLP as the City's independent certified public accountants, was made following recommendation by an appointed evaluation committee to the City Manager, who reviewed the selection and made recommendation to the City Commission. The selection of McGladrey and Pullen, LLP was then approved by the City Commission. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended September 30, 2010, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

Profile of the Government

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

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

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

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

Local Economy: The City is located on a barrier island surrounded by the Atlantic Ocean to the east and Biscayne Bay to the west. Tourism is the largest sector of the City's economy with over \$1.8 billion in direct tourist spending on hotel, food, and beverage, and also a large portion of the City's \$975 million retail marketplace. This past year, the City's hotels hosted approximately 5 million overnight visitors, and approximately 7 million tourists visited South Beach and the Art Deco Historic district. Additionally, the City is a regional destination with approximately 7 to 9 million day-trips by residents of the surrounding area, making the City one of the most popular attractions in Florida.

Taxable hotel room sales in Miami Beach increased by 17% from 2009 to 2010. When compared to an increase of only 11% for hotel rooms throughout the rest of Miami-Dade County (excluding Miami Beach), the 17% increase demonstrates the continued strength of the Miami Beach lodging market, and its role as the key driver of tourism in South Florida. During 2010, hotel room occupancy was 68.2%, up from 66.5% in 2009, reflecting continued absorption of an inventory of hotel rooms that has increased significantly from 13,506 at the beginning of 2008 to 16,559 at the end of 2010. This additional inventory has provided the City with

additional hotel room resources and product that will continue to attract visitors and additional investment over the long term. It is important to note that, with the exception of a de minimus 1% decline in the first quarter of 2008, Room Night Demand has shown year over year increases in every quarter from the third quarter of 2007 through the end of 2010, including an increase of 9% in the 4th quarter.

Moreover, the overall economy of the City remained stable, with an estimated gross City product of \$6.3 billion. From the second quarter of 2008 to the second quarter of 2010, there was an 11% increase of employment from 43,138 jobs to 48,096 jobs. The City's unemployment rate ended 2010 at 10.9% below comparable geographies, such as 13% for the Metropolitan Statistical Area, and 12% for the State of Florida.

In recent years, the City has diversified beyond its traditional tourism based economy to become a multifaceted industrial center and regional leader in information technology, health care, arts, and culture. In 2010, the world's most prestigious art fair, based in Basel, Switzerland, held its eighth Miami Beach exhibition, with attendance and sales exceeding expectations. Additionally, the partnership between the City and the New World Symphony (the "Symphony") have resulted in the New World Center a new, state of the art performance and recording facility which opened in February 2011 on City-owned land, with the adjacent City owned park, SoundScape which features a 7,000 square foot projection wall on the eastern front of the New World building. Complete with a world-class audio system, ExoStage after dark provides a canvas for video art, music, film and simulcasts of concerts playing inside the New World Center. This facility is a technological wonder designed by celebrity architect Frank Gehry and the first of its kind in the world. The City Commission has approved the City's Sustainability Plan and the City was selected to be the pilot community for the State of Florida's Energy Economic Development Zone Pilot Program.

Retail tenants continue to open locations and expand in the City, joining established operations such as Armani Exchange, Kenneth Cole, Office Depot, Diesel, and Nicole Miller. New retailers entering the Miami Beach market include H&M and Forever 21. Fifth and Alton a partnership between the City and Berkowitz Development Group is a vertical retail center with 180,000 square feet of retail space and 1,100 parking spaces which just completed its first year of operation, and is almost fully leased, with tenants such as Publix, Best Buy, Petco, TJ Maxx, Ross, Vitamin Shoppe, and Staples. Class A office space in prime locations continues to generate interest with a vacancy rate of approximately 10%. The office market is anchored by corporate tenants such as LNR Property Corporation, Terranova, Spaiant, and Benetton.

Although there are industrial factors well beyond the City's control, the entertainment industry continues as an important part of the City's economy. The City remains a key location for the production of movies, fashion campaigns, and TV series such as 'Burn Notice'; and many international talent and model agencies have retained operations in the City. The City continues to grow as an international destination for major events. In addition to Art Basel Miami Beach, the South Beach Food and Wine Festival, the South Beach Comedy Festival, the Miami Beach International Boat Show, and the Winter Music Conference continue to provide a strong base that supplements the meeting and trade show segment.

The City also remains a leader in the real estate industry, as the median price of homes and condominiums continued to stabilize through 2010. Growth management initiatives in the late 1990's resulted in more limited supply, somewhat reducing the exposure of excess new residential inventory that was experienced in some other locations. Furthermore, the end of 2008 saw the beginning of nine straight quarters of increase in the number of units sold, and a decline in the number of condominium units for sale, from over 4,000 in early 2008, to 2,486 in December 2010. The average number of days that units were on the market also declined, from 172 in January 2008, to 121 in December 2010, and the number of months supply declined from 38 months to 16 months during the same period.

Energy Conservation: The City Commission awarded a \$13.7 million energy conservation contract to Ameresco, an Energy Services Company. The contract will implement six (6) Energy Conservation Measures (ECM) that once completed will result in "guaranteed" energy savings of \$1.1 million for the initial year, the annual savings are escalated at 3.75% per year. The project payback time of just slightly over thirteen (13) years. These ECM's include Facility Lighting and Lighting Controls Upgrades city wide, Domestic Water Conservation city wide, HVAC Controls in various city facilities, Geothermal District Cooling plant, Geothermal Cooling Police Station, Power Transformer Replacement. All ECMs are scheduled to be completed in the next 24 months. Reducing energy consumption cuts operating costs, increases efficiencies, decreases dependence on natural resources and reduces green house gas emissions.

Solid Waste Management: The City's Recycling Program has expanded to include recycling in selected public areas, which includes parks, beach entrances, high pedestrian traffic areas, and many City facilities. The Program also now single-stream (co-mingled) recycling for single-family residences through collaboration with Miami-Dade County. A new Citywide recycling ordinance is also under development that will increase the City's commercial and multi-family recycling rates. In addition, the City has amended its Solid Waste Ordinance requiring franchise contractors in the City of Miami Beach to offer recycling for any and all accounts serviced by the contractor (including, without limitation, any and all commercial and residential accounts), offer a recycling proposal to every account that to the maximum extent that's commercially feasible; maximize recycling activity in the City, each recycling proposal shall disclose the anticipated savings offset as a result of the recycling and the consequent reduction of solid waste disposal and effective May 1, 2010, all contracts between a franchise waste contractor and the account holder shall be modified to include a provision to offer/provide recycling.

Alternative Transportation: A contract for the implementation of a self-service bicycle program in the City of Miami Beach as recently been approved by the City Commission. The program is expected to be one of the largest programs operated by a municipality in the U.S. and will significantly increase accessibility to alternative transportation options within the City, decrease traffic by lessening the number of automobiles trips and reduce green house gas production.

Green Building: A voluntary green building ordinance has been adopted that provides incentives to participants who are doing new construction or renovating buildings using the U.S. Green Building Council's LEED standards in Miami Beach. The green building practices preserve natural resources, reduce green house gas production, and increase indoor air quality and occupant health.

Water Quality/Conservation: As part of the new Stormwater Management Master Plan, the study will consider future climate projections into the planning, engineering design, construction, and operations of the stormwater system.

Cultural, Entertainment and Tourism Capital and an International Center for Innovation and Business: After lengthy negotiations, in FY 2008/09, the Board of County Commissioners approved the use of Building Better Communities General Obligation Bond funds for a Convention Center Master Plan Study to be developed by Arquitectonica. The City's Capital Improvement Plan includes \$55 million in funding from County's General Obligation Bond to expand and enhance the Miami Beach Convention Center, and the Master Plan will allow the City to develop a comprehensive assessment of funding needs related to this project. The Convention Center Master Plan process began this year in partnership with Arquitectonica, and with the benefit of input from a Steering Committee comprised of interested and knowledgeable stakeholders. Preliminary plans have been presented that expand the existing facility footprint to include two new exhibit halls, more than 80,000 square feet of new meeting rooms, a ballroom/multi-purpose space, a new parking garage, and other venue upgrades and amenities designed to make the facility competitive in the long term. The proposed campus expansion plan currently also includes the development of a convention center hotel. Preliminary cost estimates (hard and soft costs) for the current project scope are being reviewed and refined, and phasing plans are being finalized for review. Identification of funding sources is currently underway.

Construction Projects: Funding for landscaping and beautification continues to be a priority. During the fiscal year the City completed the construction of the Mid-Beach Community Garden within Pinetree Park and the dog park at Washington Avenue renovation of fitness facility at Brittany Bay Park. We also have begun construction of Outdoor Fitness Center at 6th Street and Ocean Drive within Lummus Park and have begun design for the construction of the North Beach Dog Park. In addition over 400 trees were planted Citywide bringing the reforestation program total to 4,250 trees installed to date.

Debt Administration: The City continues to maintain its AA- rating with Standard and Poor's. In August 2010, our rating with Moody's Investors Service was raised from Aa3 to Aa2. 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, 2010, the general obligation bonded debt of the City totaling \$71 million was well below the legal limit of \$3.4 billion. The City's total debt per capita equaled \$4,677 at September 30, 2010.

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

The average yield on investments, except for the fiduciary trust funds, was 1.49% for the fiscal year ended September 30, 2010. The pension trust funds and Postemployment Benefits Other than Pension (OPEB) trust funds had a yield rate of 10.7% and 2% respectively for the same period.

Risk Management: The City has a risk management program for workers' compensation, general liability, and auto liability. As part of this comprehensive plan, resources are being accumulated in the self-insurance internal service fund to meet potential losses. In addition, various risk control techniques, including employee accident prevention training, have been implemented to minimize accident-related losses. The City currently has \$15.5 million available for losses.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2009. This was the twenty-third (23) consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2009. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

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

Sincerely,



Jorge M. Gonzalez
City Manager



Patricia D. Walker
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Miami Beach
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2009

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



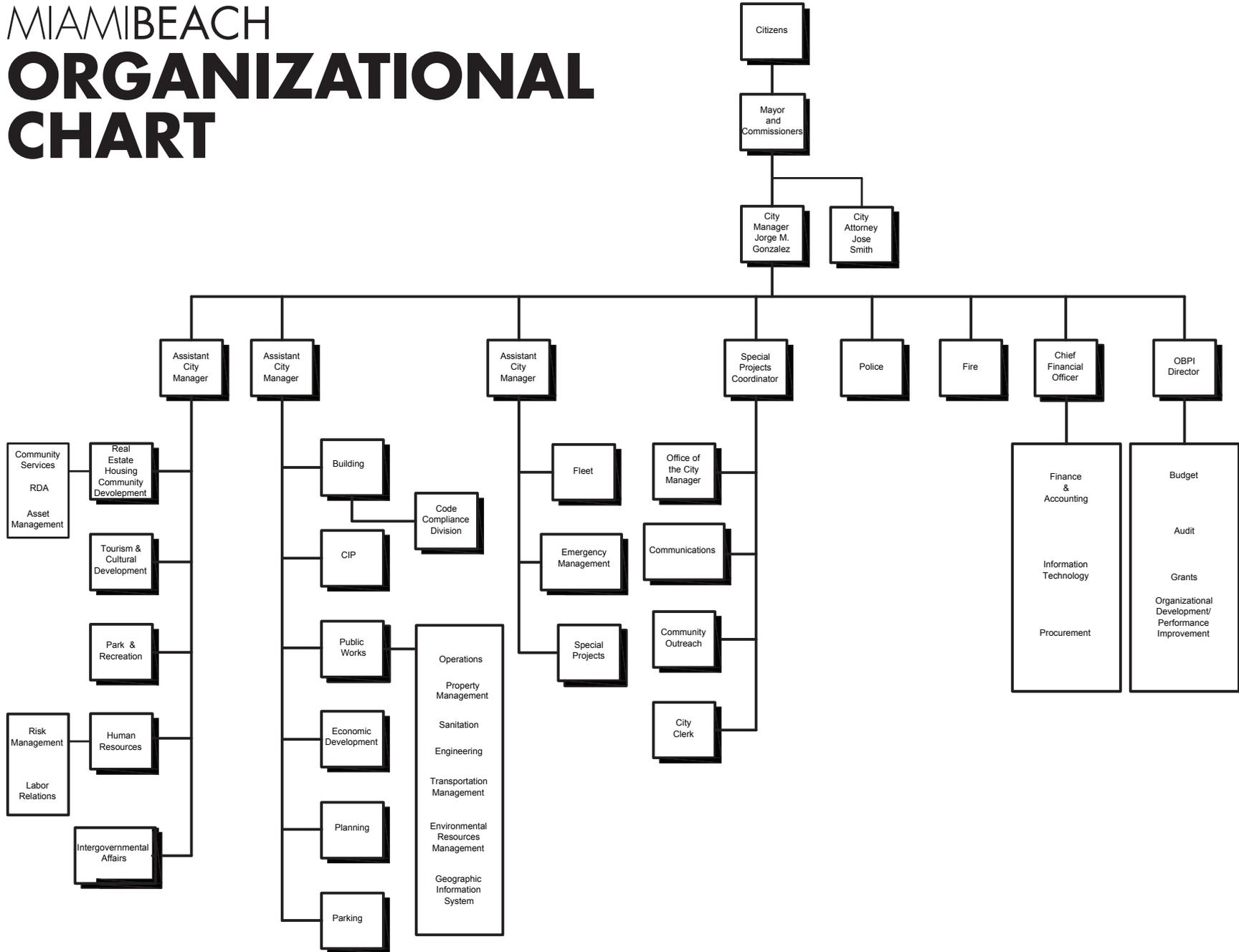
A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

MIAMI BEACH ORGANIZATIONAL CHART



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

September 30, 2010

City Commission

Matti Herrera Bower, Mayor

Jorge Exposito, Vice-Mayor

Michael Gongora, Commissioner

Jerry Libbin, Commissioner

Edward L. Tobin, Commissioner

Deede Weithorn, Commissioner

Jonah Wolfson, Commissioner

Administration

Jorge M. Gonzalez, City Manager

Patricia D. Walker, Chief Financial Officer

Hilda M. Fernandez, Assistant City Manager

Jorge Gomez, Assistant City Manager

FINANCIAL SECTION

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami Beach, Florida (the "City"), as of and for the year ended September 30, 2010, 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:

<u>Funds / Component Unit</u>	<u>Classification</u>
City of Miami Beach Florida Employees' Retirement Plan	Aggregate Remaining Fund Information
City of Miami Beach Florida Pension Fund for Firefighters and Police Officers	Aggregate Remaining Fund Information
City of Miami Beach Florida Firemen's Relief and Pension Fund	Aggregate Remaining Fund Information
Miami Beach Policemen's Relief and Pension Fund	Aggregate Remaining Fund Information
Miami Beach Visitor and Convention Authority	Discretely Presented Component Unit
Miami Beach Convention Center as managed by Global Spectrum	Enterprise Funds

These funds and component unit represent the percentage of assets and revenue, when applicable, of the respective opinion units as listed below:

<u>Reporting Classification</u>	<u>Percentage of</u>	
	<u>Total Assets</u>	<u>Total Revenue</u>
Aggregate Remaining Fund Information	86%	56%
Discretely Presented Component Unit	87%	94%
Enterprise Funds	0.5%	12%

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 funds and component unit indicated above is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Miami Beach Convention Center as managed by Global Spectrum, the City of Miami Beach Florida Employees' Retirement Plan, the City of Miami Beach Florida Pension Fund for Firefighters and Police Officers, and the Miami Beach Policeman's Relief and Pension Fund were not audited in accordance with *Government Auditing Standards*.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly we express no such opinion. 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, 2010, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated March 30, 2011 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. 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.

McGladrey & Pullen, LLP

Miami, Florida
March 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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, 2010. We encourage readers to consider the information presented herein in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at September 30, 2010 by \$1.1 billion (net assets). Of this amount, \$722.8 million was invested in capital assets, net of related debt. Additionally, \$140.5 million was restricted by laws, agreements, or debt covenants. The City has unrestricted net assets of \$240.9 million.
- During fiscal year 2010, the City's net assets increased by \$67.7 million. Of this increase, \$27.1 million was in governmental activities and the remaining increase of \$40.6 million in business-type activities. For the governmental activities, revenues from charges for services decreased by \$4 million or 6.7%, operating grants and contributions increased \$12.1 million or 63.9%, capital grants and contributions increased \$3.5 million or 7.4% and general revenues decreased by \$13.7 million or 5.5%, while expenses increased \$20.7 million or 7.7%. For the business-type activities, charges for services increased \$8 million or 6.8%, while expenses increased by \$10.9 million or 10.1% over the prior year.
- The City's assets increased by \$91.2 million or 5.8%. The City's total liabilities had a net increase of \$23.5 million or 4.5% during the year. Long term liabilities increased by \$29.4 million or 6.2 %, while short term liabilities decreased by \$5.9 million or 11.5%
- At September 30, 2010 the City's governmental fund balance consisted mainly of \$230.7 million in restricted, \$75.2 million in committed, \$15.2 million in assigned and \$2.5 million in unassigned fund balance. Enterprise fund's net assets consisted of \$346.8 million in invested in capital assets, net of related debt, \$41 million in restricted and \$115 million in unrestricted net assets. Internal Service fund's net assets consisted of \$9 million in invested in capital assets net of related debt and \$3.2 million in unrestricted net assets.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

user fees and charges. The governmental activities of the City include general government, public safety, physical environment, transportation, economic development, human services, and culture and recreation. The business-type activities of the City includes storm water, water and sewer, parking, convention center complex, sanitation, and Miami Beach Redevelopment Agency's parking and leasing operations.

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

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

Fund Financial Statements

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

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

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

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

The City adopts an annual appropriated budget for its general fund, its resort tax special revenue fund, and its Miami Beach Redevelopment Agency's special revenue fund. A budgetary comparison statement has been provided for all of the above funds to demonstrate compliance with the fund's budget. The City also adopts a multi-year capital budget which is not included in this report, but can be found at the City's website.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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

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

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

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

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

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

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-90 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 91-94 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds and internal service funds are presented immediately following the required supplemental information. Combining and individual fund statements and schedules can be found on pages 96-115 of this report.

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

Government-wide Financial Analysis

The table below summarizes the statement of net assets:

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

	Governmental activities		Business-type activities		Total	
	2009	2010	2009	2010	2009	2010
Current and other assets	\$ 396,996	\$ 389,620	\$ 182,497	\$ 223,165	\$ 579,493	\$ 612,785
Capital assets	504,530	536,769	477,434	503,074	981,964	1,039,843
Total assets	901,526	926,389	659,931	726,239	1,561,457	1,652,628
Long-term liabilities						
outstanding	290,329	295,492	183,856	208,064	474,185	503,556
Other liabilities	36,185	28,817	14,603	16,109	50,788	44,926
Total liabilities	326,514	324,309	198,459	224,173	524,973	548,482
Net assets:						
Invested in capital assets, net of related debt	340,034	375,968	320,034	346,808	660,068	722,776
Restricted	116,302	99,435	18,984	41,033	135,286	140,468
Unrestricted	118,676	126,677	122,454	114,225	241,130	240,902
Total net assets	\$ 575,012	\$ 602,080	\$ 461,472	\$ 502,066	\$ 1,036,484	\$ 1,104,146

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1.1 billion at September 30, 2010, an increase of \$67.7 million or 6.5% from the prior year.

The largest portion of the City's net assets, \$722.8 million or 65.4%, reflects its investment in capital assets (e.g., land, building, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$140.5 million or 12.7% represents resources that are subject to external restrictions on how they may be used. This includes but is not limited to grant proceeds, Redevelopment Agency tax increments, Resort Tax proceeds, impact fees, Interlocal agreements, and debt service requirements. The remaining balance of unrestricted net assets, which is \$240.9 million or 21.8% consists of \$126.7 million from governmental activities and \$114.2 million from business type activities. For financial reporting purposes, these balances are considered unrestricted, however, the majority of these balances are committed or assigned by the City Commission.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. The City's net assets increased by \$67.7 million or 6.5% during the current fiscal year. Governmental activities accounted for an increase of \$27.1

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

million or 40% while Business-type accounted for \$40.6 million or 60% of the increase.

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

	2009	2010
Revenues:		
Program revenues:		
Charges for services	\$ 59,810	\$ 55,801
Operating grants and contributions	18,890	30,960
Capital grants and contributions	4,766	8,314
General revenues:		
Taxes:		
Property taxes, levied for general purposes	127,421	114,045
Property taxes, levied for debt services	6,085	5,945
Resort taxes	37,412	42,395
Tax increment	47,655	44,013
Utility taxes	9,226	9,975
Communication service	7,196	6,329
Local business	3,684	4,299
Miscellaneous	895	6,653
Unrestricted investment earnings	10,900	3,103
Total revenues	333,940	331,832
Expenses:		
General government	44,331	44,772
Public safety	155,154	164,903
Physical environment	2,237	2,655
Transportation	8,927	10,230
Economic environment	3,934	12,570
Human services	1,606	1,715
Culture and recreation	41,570	42,088
Interest on long-term debt	11,768	11,295
Total expenses	269,527	290,228
Increase in net assets before transfers and gain on sale of capital assets	64,413	41,604
Transfers	(3,420)	(14,626)
Gain on sale of capital assets	29	90
Increase in net assets	61,022	27,068
Net assets - beginning	513,990	575,012
Net assets - ending	\$ 575,012	\$ 602,080

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Governmental activities. Governmental activities increased the City's net assets by \$27.1 million, thereby accounting for 40% of the total growth in the net assets of the City.

Key elements of the net increase are as follows:

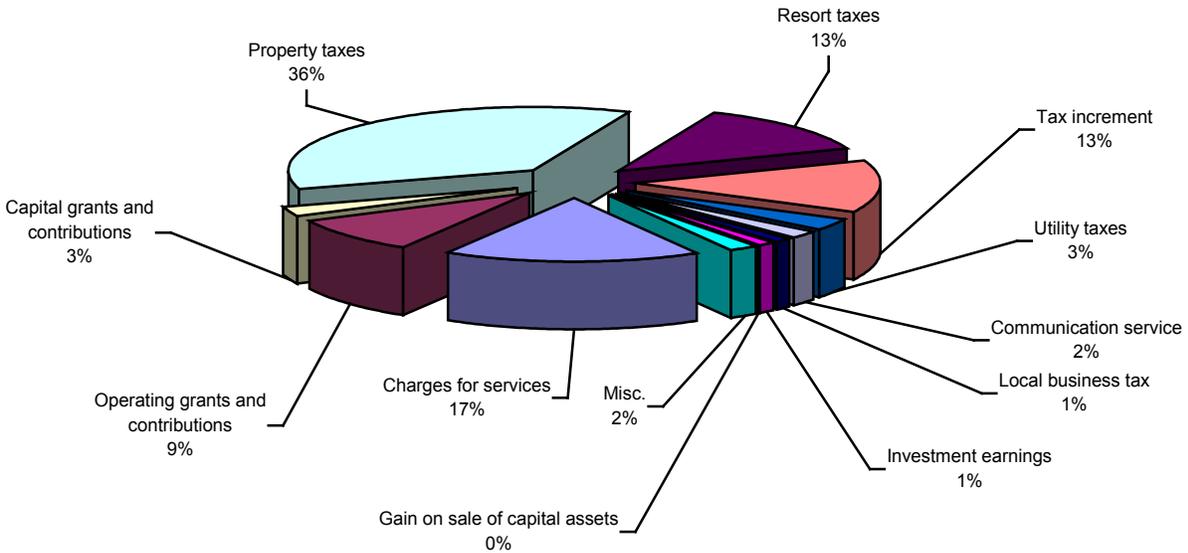
Governmental activities revenues consisted of program revenues which amounted to \$95.1 million and general revenues which amounted to \$236.8 million, for a total of \$331.9 million. Property tax revenue for general purposes which represents 34.4% of total revenues was \$114 million. This is a decrease of \$13.4 million or 10.5% from the prior year. Property taxes are levied by the City based on the Miami-Dade County property appraisers determined property values in the City. The Miami-Dade County Property Appraiser determined that taxable property values in the City decreased from \$25.9 billion in 2009 to \$23.1 billion in 2010, a decrease of \$2.8 billion. However, the City's operating millage rate remained the same at 5.66 mills. Charges for service which represents 16.8% of total revenues was \$55.8 million. This amounted is a decrease of \$4 million or 6.7% over the prior year collections. These charges are primarily derived from Parks and Recreation (including Golf Courses) user fees, ambulance fees, off duty services, franchise fees, rents and leases, license, permits, fines, forfeitures and administrative fees from enterprise funds and some forms of intergovernmental revenues. Tax increment revenue which represents 13.3% of the revenues was \$44 million. This amount is a decrease of \$3.6 million or 7.6% from the prior year. Tax increments revenue is computed by applying the operating tax rate for the City and Miami-Dade County, Florida, (the County) multiplied by the increased value of property in the district over the base property value minus 5%. Both the City and the County are required to fund this amount annually without regard to tax collections or other obligations. The decrease in revenues is based on the decrease in real estate property values City wide. Resort tax which represents 12.8% of revenues was \$42.4 million which is an increase of \$5 million or 13.3% from the prior year. Resort tax is a 3% tax on the rent of a room or rooms in any hotel, motel, rooming house or apartment house and 2% on the total sales price of all food and beverage (included beer and wine sold at retail in any restaurant). Fluctuations in resort tax revenues are completed based on the fluctuation in the sales of the above items and varies from one year to another based on the economy.

Governmental activities expense consisted of functional expenses for the City's general government, public safety, physical environment, transportation, economic environment, human services, culture and recreation and interest on long-term debt. These functional expenses amounted to \$290.2 million. Significant portions of these expenses were in the public safety, general government and culture and recreation functions. Public safety function expense was \$164.9 million and represents 56.8% of total expenses. The City's public safety function includes the personnel and operations for police, fire, ocean rescue, building operations, emergency 911 services and other. In addition, grant funded expenses for police, fire and other public safety activities are reported under this category. Expenses in this function increased by \$9.7 million or 6.3% over the prior year.

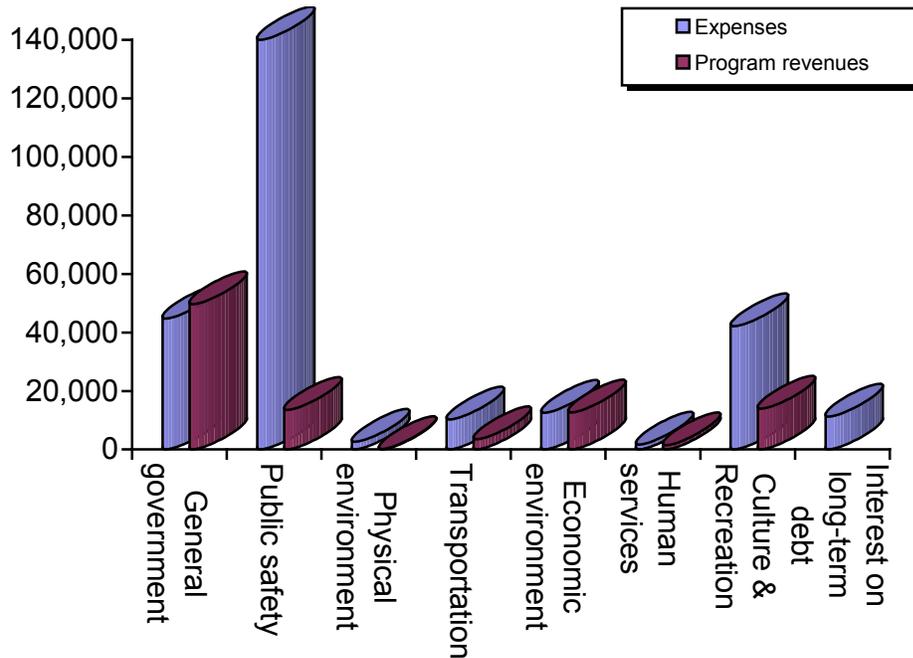
General government function expense was \$44.8 million and represents 15.4% of total expense. The City's general government function includes the City attorney's office, public works department, planning department, capital investment and upkeep office, budget and finance office, office of procurement, city managers office, city clerk's office, human resources office and other special projects. Expenditures in this function remained approximately the same as in the prior year, where expenses were \$44.3 million or 16.4% of total expenses. Culture and recreation function expense was \$42 million or represents 14.5% of total expenses. The City's culture and recreation function includes expenses for grant funded culture and recreation activities, the City's parks and recreation department, Office of Tourism and Cultural Development, Bryon and Colony theater operations, golf course operations, and a variety of arts, cultural and entertainment programs. Expenses in this function had a net increase of \$.5 million or 1.2% from the prior year.

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

**Revenue by Source – Governmental Activities
for the year ended September 30, 2010 (in thousands)**



**Expenses and Program Revenues – Governmental Activities
for the year ended September 30, 2010 (in thousands)**



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

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

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

	2009	2010
Revenues:		
Program revenues:		
Charges for services	\$ 118,630	\$ 126,642
Operating grants and contributions	13,360	13,882
Capital grants and contributions		
General revenues:		
Tax increments	2,405	2,619
Unrestricted investment earnings	2,942	2,083
Total revenues	137,337	145,226
Expenses:		
Storm water	3,756	4,116
Water	23,468	26,677
Sewer	25,425	28,896
Parking	25,142	26,904
Convention Center	14,744	13,520
Sanitation	13,773	16,784
Redevelopment Agency's Parking	1,908	2,229
Redevelopment Agency's Leasing	103	125
Total expenses	108,319	119,251
Increase in net assets before transfers and gain (loss) on sale of capital assets	29,018	25,975
Gain (loss) on sale of capital assets		(7)
Transfers	3,420	14,626
Increase in net assets	32,438	40,594
Net assets - beginning	429,034	461,472
Net assets - ending	\$ 461,472	\$ 502,066

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Business-type activities. Business-type activities increased the City's net assets by \$40.6 million, thereby accounting for 60% of the total growth in the net assets of the City.

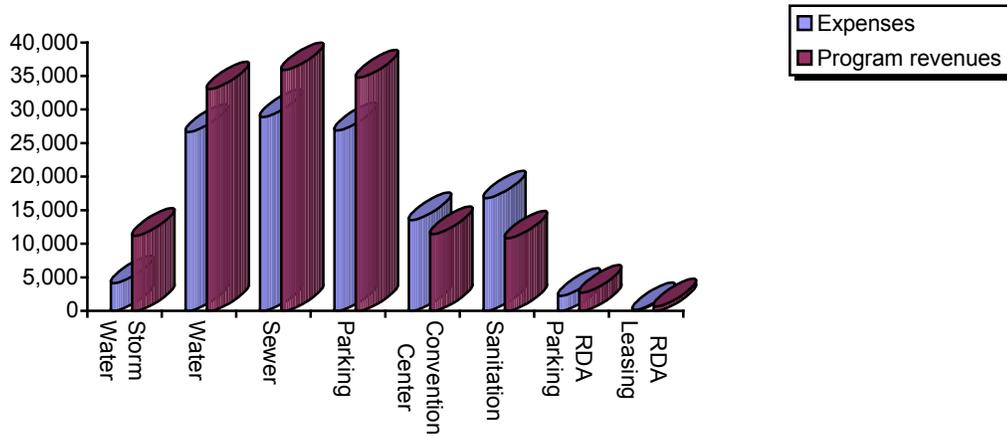
Key elements of the net increase are as follows:

- The Stormwater fund had a change in net assets of \$6.8 million. Operating revenues increased by \$1.5 million or 15.9% and operating expenses increased by \$.1 million or 3.1% from the prior year. Net non-operating expenses were \$158,397 and consisted of \$382,280 in interest and fiscal charges, \$7,465 in losses on disposal of capital assets and \$231,348 in interest income. At the beginning of the fiscal year, the Stormwater rates were increased by \$1.64 or 22% from \$7.42 to \$9.06 per Equivalent Residential Unit (ERU). Rates were increased to fund additional costs for operations and maintenance of the Stormwater System and to provide for sufficient revenues for the payment of principal and interest on proposed Stormwater Revenue Bonds.
- The Water and Sewer fund had a change in net assets of \$14.7 million. Operating revenues increased by \$5.6 million or 8.8% and operating expenses increased by \$6.3 million or 13.7% from the prior year. Net non-operating expenses were \$1.9 million and consisted of \$2.7 million in interest and fiscal charges, \$23,168 in gain on disposal of capital assets and \$723,688 in interest income. Effective October 1, 2009, water rate increased \$.48 from \$3.88 to \$4.36 per 1,000 gallons. Sewer rates also increased by \$.42 from \$5.62 to \$6.04 per 1,000 gallons. The combined water and sewer rate increased by \$.90. Of the \$.90 increase, \$.61 resulted from an increase in the Miami-Dade County Water & Sewer Department, the City's wholesale water provider, costs. The other \$.29 is the City's increase for coverage of future water and sewer bonds.
- The Parking System fund had a change in net assets of \$21.8 million. Operating revenues increased by \$2.3 million or 7.1% and operating expenses increased by \$1.5 million or 6.2% from the prior year. Net non-operating expenses were \$.5 million and consisted of \$1.2 million in interest and fiscal charges, \$5,216 in gain on disposal of capital assets and \$691,568 in interest income. The Parking fund also received a capital contribution of the Municipal Multiple Purpose Parking Garage located at Meridian Avenue, Miami Beach with a value of \$10.5 million.
- The Convention Center Fund had a change in net assets or loss of \$1.8 million. Operating revenues increased by \$532,479 or 4.7% and operating expenses decreased by \$1.4 million or 9.4% from the prior year. Net non-operating expenses were \$309,994 and consisted of \$496,858 in losses on disposal of capital assets and \$186,864 in interest income. Historically the Convention Center fund has had net operating losses of approximately \$3 million annually, with \$3.8 million in 2004, \$3.1 million in 2005, \$3.1 million in 2006, \$2.8 million in 2007, \$3.1 million in 2008 and \$3.2 million in 2009.
- Other Enterprise Funds, which includes the Sanitation, Miami Beach Redevelopment Agency's Parking and Miami Beach Redevelopment Agency's Leasing Funds, had a loss of \$880,966. Operating revenues decreased by \$731,859 or 4.2% and operating expenses increased by \$3.1 million or 20% from the prior year. Net non-operating revenues were \$258,083 and consisted of \$15,342 in interest and fiscal charges, \$23,813 in gain on disposal of capital assets and \$249,612 in interest income. The Sanitation fund recognized \$1 million in environmental remediation expenses during the year for the Miami Beach Golf Course.

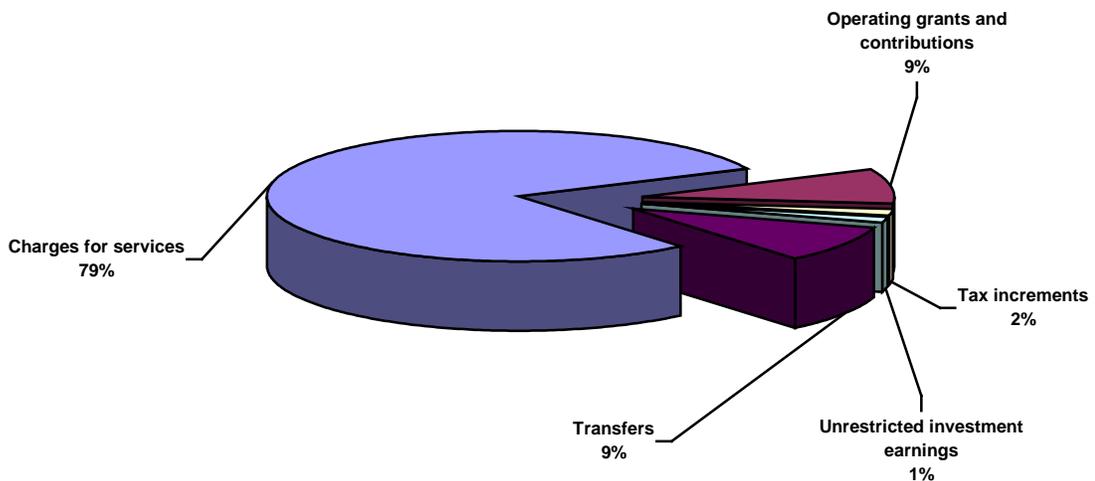
**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

The following chart shows a comparison of expenses to program revenues for business-type activities for fiscal year 2010:

**Expenses and Program Revenues – Business-type Activities
for the year ended September 30, 2010 (in thousands)**



**Revenue by Source – Business-type Activities
for the year ended September 30, 2010 (in thousands)**



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

Financial Analysis of the Governmental Funds

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

**Governmental Funds
(in thousands)**

	<u>General</u>	<u>Resort Tax</u>	<u>Miami Beach Redevel- opment Agency</u>	<u>Capital Projects</u>	<u>Other Govern- mental Funds</u>	<u>Total Govern- mental Funds</u>
Fund balances						
Sep. 30, 2009	\$ 55,071	\$ 9,618	\$ 9,541	\$ 202,715	\$ 48,362	\$ 325,307
Revenues	198,282	43,283	30,997	20,268	32,656	325,486
Expenditures	(215,156)	(8,108)	(8,197)	(50,548)	(55,157)	(337,166)
Other financing sources (uses)	16,962	(36,353)	(19,395)	27,200	21,622	10,036
Fund balances Sept. 30, 2010	<u>\$ 55,159</u>	<u>\$ 8,440</u>	<u>\$ 12,946</u>	<u>\$ 199,635</u>	<u>\$ 47,483</u>	<u>\$ 323,663</u>

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

The general fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the general fund was \$55.2 million. This consisted mainly of \$2.4 million in unrealized gains on the City's investments, \$4.7 million restricted for the future funding of the City's building department operations, \$38.6 million for emergencies, \$.6 million in purchase commitments, \$3.6 million in unassigned funds and \$5.3 million assigned by the City Commission future years shortfall.

The general fund's net change in fund balance for the fiscal year was \$88,102. One key factor in this growth was the ability to maintain expenditures under budgeted amounts. Overall revenues had a net decrease of \$17.7 million or 8.2% over the prior year. Ad-valorem tax, which is 57.6% of the general fund revenue collected, decreased by \$8.9 million or 7.3%. As mentioned earlier, this is a result of the decreasing property values City wide. There were also decreases in Building Permits of \$5 million or 31.8% and interest income of \$6.2 million or 78%, which includes unrealized losses of \$1.9 million. Expenditures in the general fund also increased by \$.8 million or .4%, primarily in the public safety function. Net other financing sources increased by \$10 million or 144% over the prior fiscal year. At the end of the fiscal year, fund balance excluding the nonspendable portion, represents 25.6% of total general fund expenditures.

The resort tax fund accounts for the collection of special tax levied city-wide on food, beverage and room rents used to support tourist related activities. At the end of the current fiscal year, fund balance of the resort tax fund was \$8.4 million. Resort tax collected during the year was \$42.4 million, a decrease of \$5 million or 13.3% from the prior fiscal year. Net other financing uses, which was \$36.4 million increased by \$5.7 million or 18.7 and expenditures decreased by \$136,206 or 1.7%. The resort tax fund balance decreased by \$1.2 million or 12.2% from the prior fiscal year and represents 104% of total resort tax

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

fund expenditures for the fiscal year.

The Miami Beach Redevelopment Agency (the Agency) Special Revenue Fund accounts for the operations of the Miami Beach Redevelopment Agency, a tax increment district of the City. The Agency was established in 1976 under the provisions of Chapter 163 of the Florida Statutes to spur development and redevelopment in the South Shore and City Center/Historic Convention Village Redevelopment and Revitalization Area of the City. Tax increments collected during the year was \$30.8 million, which is a decrease of \$2.6 million or 7.9%, and net other financing uses decreased by \$7.1 million or 26.8% and expenditures decreased by \$439,360 or 5.1%. The fund balance of the Miami Beach Redevelopment Agency Special Revenue Fund increased by \$3.4 million or 35.7% from the prior fiscal year and represents 158% of total Agency fund expenditures for the current fiscal year.

The City's capital projects fund accounts for the funding of the City's capital program. The primary resources are obtained from the issuance of City debt, tax increments and intergovernmental revenues. Intergovernmental revenues was \$6.2 million an increase of \$1.7 million from the prior fiscal year. Tax increment which was \$13.2 million also decreased by \$1 million or 7.1% from the prior fiscal year. Net other financing sources which was \$27.2 million decreased by \$2.6 million or 8.8% from the prior fiscal year. Capital outlay totaled \$49.5 million in the current year. The capital projects fund balance decreased by \$3.1 million or 1.5% from the prior fiscal year and represents 395% of total capital project fund expenditures for the current fiscal year.

The other governmental funds consist of the City's debt service funds and other special revenue funds, which accounts primarily for grants. Ad Valorem tax collected for debt service was \$5.9 million, an increase of \$5,298 or .1% from the prior year. Intergovernmental revenue also increased by \$11.6 million or 260.8% and net other financing sources which was \$21.6 million increased by \$1.9 million or 9.9%. Expenditures in the fund increased by \$7.9 million or 16.8%. The fund balance decreased by \$878,177 or 1.8 % from the prior year and represents 116% of the other governmental funds total expenditures for the current fiscal year.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The total growth in net assets for all enterprise funds was \$41.6 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

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

There were no variances between the amended budgeted revenues and actual revenues plus other financing sources, except for permits and charges for services, which combines for a net positive variance of \$18,099. The variance between the amended budgeted appropriations and actual expenditures was \$16,049. This variance resulted mainly from a positive variance in the public safety – police function. Other financing sources also had a net positive variance of \$53,954, which resulted from reserves for building services and reserves for future expenditures.

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

**General Fund Revenues
for the fiscal year ended September 30, 2010
(in thousands)**

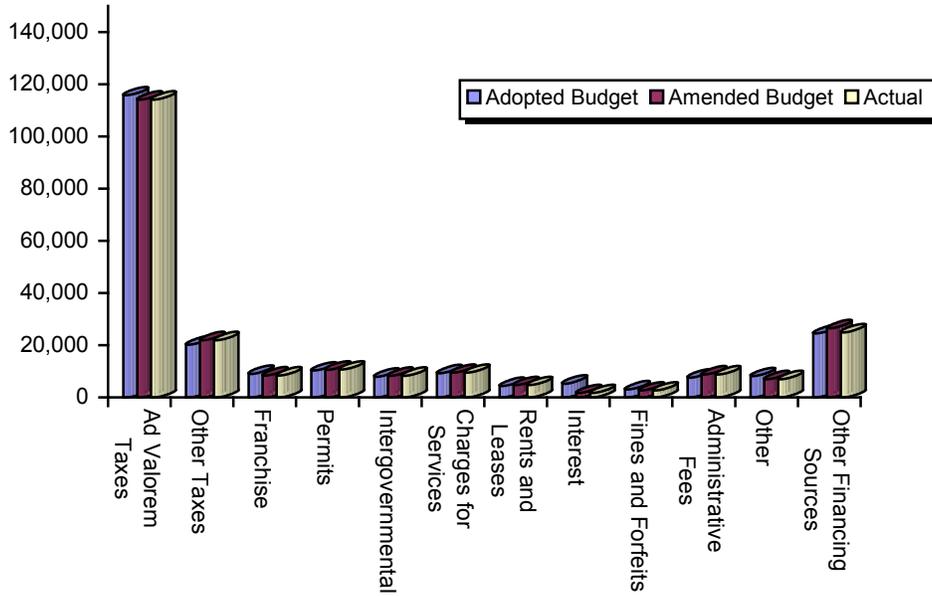
	Original Adopted Budget	Final Amended Budget	Actual
Taxes:			
Property	\$ 115,828	\$ 114,183	\$ 114,183
Sales, use, fuel	1,518	1,423	1,423
Utility	8,991	9,975	9,975
Local business	3,872	4,299	4,299
Communication Service	5,905	6,329	6,329
Taxes	<u>136,114</u>	<u>136,209</u>	<u>136,209</u>
Other than taxes:			
Franchise	9,144	8,457	8,457
Permits	10,378	10,720	10,747
Intergovernmental	8,045	8,337	8,337
Charges for services	9,347	9,522	9,514
Rents and leases	4,464	4,759	4,759
Interest income	5,336	1,727	1,727
Fines and forfeits	3,089	2,697	2,697
Administrative fees	7,677	8,827	8,827
Other	8,169	7,009	7,009
Other financing sources	24,573	26,514	24,968
Other than taxes	<u>90,222</u>	<u>88,569</u>	<u>87,042</u>
Total revenues	<u>\$ 226,336</u>	<u>\$ 224,778</u>	<u>\$ 223,251</u>

**General Fund Expenditures
for the fiscal year ended September 30, 2010
(in thousands)**

	Original Adopted Budget	Final Amended Budget	Actual
General government	\$ 34,617	\$ 32,690	\$ 32,690
Public safety	141,480	143,128	143,112
Physical environment	2,160	2,435	2,435
Transportation	4,433	3,795	3,795
Economic environment	1,518	1,397	1,397
Human services	499	490	490
Culture and recreation	31,655	29,624	29,624
Capital Outlay	629	294	294
Debt service	1,519	1,320	1,320
Other financing uses	7,826	9,605	8,006
Total expenditure	<u>\$ 226,336</u>	<u>\$ 224,778</u>	<u>\$ 223,163</u>

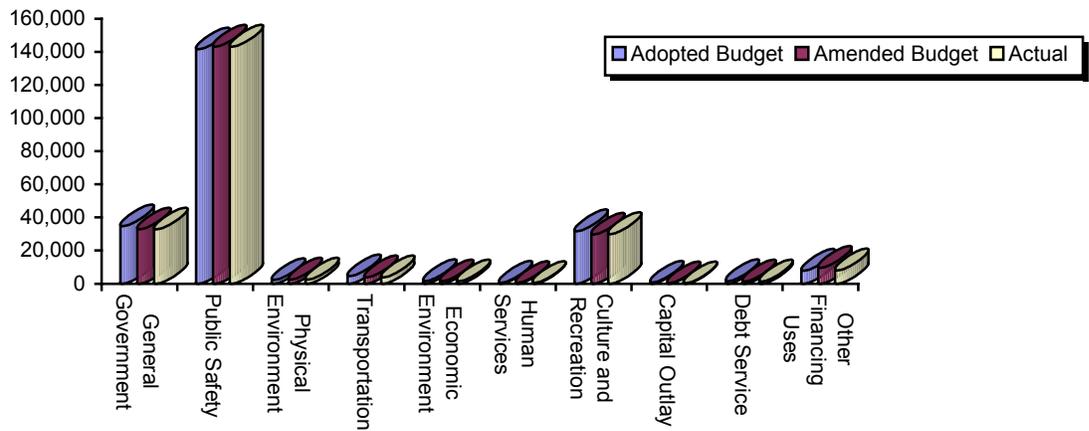
**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

**General Fund Revenues
for the year ended September 30, 2010 (in thousands).**



The following chart and table summarizes actual expenditures by function/program for fiscal year 2010 and compares expenditures with Adopted Budget, Amended Budget and Actual.

**General Fund Expenditure
for the year ended September 30, 2010 (in thousands).**



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

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities at September 30, 2010 amounts to \$1 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, water & sewer distribution, storm drainage systems, lighting systems, sidewalks, curbs, signage, equipment, street improvements, air rights and parks, which are detailed as follows (net of accumulated depreciation):

	Capital Assets (in thousands)					
	Governmental		Business-Type		Total	
	2009	2010	2009	2010	2009	2010
Land	\$ 45,832	\$ 45,832	\$ 24,274	\$ 24,275	\$ 70,106	\$ 70,107
Intangible assets		4,182		4,318		8,500
Construction						
work-in-progress	264,948	289,008	198,435	206,763	463,383	495,771
Building & Structure	48,201	61,313	129,802	145,141	178,003	206,454
Permanent						
improvements	93,829	90,492	6,541	6,541	100,370	97,033
Furniture, Fixtures &						
Equipment	21,779	18,333	46,914	43,980	68,693	62,313
Infrastructure	29,941	27,609	71,468	72,056	101,409	99,665
Total	\$ 504,530	\$ 536,769	\$ 477,434	\$ 503,074	\$ 981,964	\$ 1,039,843

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

- Completed construction of the Frank Gehry-designed Pennsylvania Avenue public parking garage just west of the New World Symphony (NWC). This fully self-serve garage features 550 parking spaces and approximately 8,000 square feet of first class retail space. The garage provides access to the NWC via a third floor covered walkway and is illuminated with LED lights at night that coordinate in color with lights on the protruding sunshade from NWC's north façade.
- Completed construction of a new golf cart storage/maintenance facility located at the Miami Beach Golf Course. This project is part of the Miami Beach Golf Course renovation project. Parks & Recreation is currently renting a temporary tent in which the golf course's carts are being stored. Construction of the cart barn is necessary for the proper and efficient operation of the golf course.
- Continued construction of South Pointe improvements phase III – IV. The project limits are bounded by Ocean Drive to the East and Alton Road to the West, and includes: 1st Street between Alton Road and Ocean Drive; Commerce Street, from Alton Road to Washington Avenue; Ocean Drive and Ocean Court, from 5th Street to South Pointe Drive; Collins Avenue and Collins Court, from 5th Street to South Pointe Drive; South Pointe Drive; South Pointe Drive (Biscayne Street), from Alton Road to the Eastern street end; Alton Road, from 5th Street to South Pointe Drive; Jefferson Avenue, between South Pointe Drive and 1st Street; 1st Street, from Alton Road to Jefferson Avenue; Commerce Street and other adjacent alleys, roadways and rights of way. This project is included in the City of Miami Beach RWO Infrastructure

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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

- Began construction of Miami Beach SoundScape new 2.85 acre park designed by West 8 and developed by the New World Symphony for the City of Miami Beach. The Park is an integral component of the overall Master Plan involving the NWS Campus Expansion Project. The Park will become a key attraction for residents and visitors alike. The Park Project budget also includes additional improvements to infrastructure related areas. The Park opened in early February 2011.
- Entered into a contract with Ameresco, for facility lighting and lighting controls upgrades throughout the City. This project provides most of the City's facilities with lighting upgrades and lighting control upgrades to increase the energy efficiency.

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

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

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt, loans and other long-term debt of \$434 million. Governmental activities debt decreased by \$3.3 million or 1.4%, while business-type activities debt increased by \$23.6 million or 13.6%.

In September 2010, the City received additional equipment loan proceeds of \$1.6 million and paid off the Sunshine State Loan in the amount of \$2.9 million. In February 2010, the City partially refinanced the Stormwater Revenue Bonds, Series 2000 and the Water & Sewer Revenue Bonds, Series 2000, in conjunction with issuing new Water & Sewer Bonds for \$30 million. The refinancing and new loan was done through the City of Gulf Breeze, Florida Local Government Loan Pool Program. In addition, in May 2010 the City obtained a loan of approximately \$13 million for the construction/purchase of energy saving equipment to be used in City facilities.

In November 2011, the City refinanced the Parking Revenue Bonds Series 1997 and received new monies by issuing the new Parking Revenue Bonds Series 2010A and 2010B. The City is also planning on issuing new Stormwater bonds and potentially refinancing the remaining Series 2000 Stormwater Bonds in fiscal year 2011.

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

	Governmental activities		Business-type activities		Total	
	2009	2010	2009	2010	2009	2010
General obligation	\$ 73,580	\$ 70,985	\$	\$	\$ 73,580	\$ 70,985
Special obligation	154,206	141,783			154,206	141,783
Revenue bonds			173,164	196,712	173,164	196,712
Loans	10,529	8,949	1,133	1,220	11,662	10,169
Other debt	1,260	14,516			1,260	14,516
Total	\$ 239,575	\$ 236,233	\$ 174,297	\$ 197,932	\$ 413,872	\$ 434,165

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

Requests for Information

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

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 306,702,381	\$ 89,036,997	\$ 395,739,378	\$ 2,913,525
Cash with fiscal agent	250,000		250,000	
Receivables (net)	21,093,566	13,047,724	34,141,290	314,967
Due from other governments	8,668,203	393,475	9,061,678	
Internal balances	(33,772)	33,772		
Prepaid expenses	3,892,197	225,453	4,117,650	
Inventories	282,335	2,487,689	2,770,024	
Restricted cash and investments	48,686,132	115,701,015	164,387,147	
Deferred charges	78,536	2,238,722	2,317,258	
Capital assets not being depreciated:				
Land	45,832,216	24,274,408	70,106,624	
Intangible assets	4,181,941	4,318,059	8,500,000	
Construction in progress	289,008,192	206,763,083	495,771,275	
Capital assets net of accumulated depreciation:				
Buildings and structures	61,312,902	145,140,663	206,453,565	
Permanent improvements	90,492,482	6,541,249	97,033,731	
Machinery and equipment	18,332,488	43,980,472	62,312,960	33,045
Infrastructure	27,608,722	72,056,453	99,665,175	
Total assets	<u>926,388,521</u>	<u>726,239,234</u>	<u>1,652,627,755</u>	<u>3,261,537</u>
LIABILITIES				
Accounts payable	13,933,704	9,573,103	23,506,807	2,250
Retainage payable	3,768,116	1,669,811	5,437,927	
Accrued expenses	5,232,264	1,918,592	7,150,856	281,278
Accrued interest payable	2,439,586	2,070,374	4,509,960	
Unearned revenue	3,427,850	853,100	4,280,950	
Due to other governments	15,680	23,790	39,470	
Noncurrent liabilities:				
Due within one year	29,413,676	12,882,163	42,295,839	
Due in more than one year	266,077,556	195,182,341	461,259,897	
Total liabilities	<u>324,308,432</u>	<u>224,173,274</u>	<u>548,481,706</u>	<u>283,528</u>
NET ASSETS				
Invested in capital assets, net of related debt	375,968,328	346,807,794	722,776,122	33,045
Restricted for:				
Debt Service	8,119,354	35,347,264	43,466,618	
Economic development	19,676,846	5,686,250	25,363,096	
Transportation	13,611,202		13,611,202	
Capital Improvement	40,093,590		40,093,590	
Other purposes	17,933,548		17,933,548	
Unrestricted	126,677,221	114,224,652	240,901,873	2,944,964
Total net assets	<u>\$ 602,080,089</u>	<u>\$ 502,065,960</u>	<u>\$ 1,104,146,049</u>	<u>\$ 2,978,009</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, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 44,772,492	\$ 43,225,083	\$ 6,116,731	\$ 300,097	\$ 4,869,419	\$	\$ 4,869,419	\$
Public safety	164,903,020	5,707,217	7,286,213	587,670	(151,321,920)		(151,321,920)	
Physical environment	2,654,793		197,439		(2,457,354)		(2,457,354)	
Transportation	10,229,616	16,040	1,229,003	2,264,605	(6,719,968)		(6,719,968)	
Economic environment	12,569,809		12,654,701	53,010	137,902		137,902	
Human services	1,714,419		1,498,041		(216,378)		(216,378)	
Culture and recreation	42,088,492	6,852,311	1,977,545	5,108,580	(28,150,056)		(28,150,056)	
Interest on long-term debt	11,294,742				(11,294,742)		(11,294,742)	
Total governmental activities	<u>290,227,383</u>	<u>55,800,651</u>	<u>30,959,673</u>	<u>8,313,962</u>	<u>(195,153,097)</u>		<u>(195,153,097)</u>	
Business-type activities:								
Storm Water	4,116,313	11,212,773	123			7,096,583	7,096,583	
Water	26,677,078	32,941,405	96,696			6,361,023	6,361,023	
Sewer	28,895,679	35,786,811	106,894			6,998,026	6,998,026	
Parking	26,903,927	30,014,763	4,747,387			7,858,223	7,858,223	
Convention Center	13,520,338	6,898,642	4,539,891			(2,081,805)	(2,081,805)	
Sanitation	16,784,181	6,409,016	4,391,458			(5,983,707)	(5,983,707)	
Redevelopment Agency's Parking	2,229,294	2,709,353				480,059	480,059	
Redevelopment Agency's Leasing	125,008	669,308				544,300	544,300	
Total business-type activities	<u>119,251,818</u>	<u>126,642,071</u>	<u>13,882,449</u>			<u>21,272,702</u>	<u>21,272,702</u>	
Total primary government	<u>\$ 409,479,201</u>	<u>\$ 182,442,722</u>	<u>\$ 44,842,122</u>	<u>\$ 8,313,962</u>	<u>(195,153,097)</u>	<u>21,272,702</u>	<u>(173,880,395)</u>	
Component units:								
Visitor and Convention Health Facilities	\$ 1,375,046		\$ 30,000					(1,345,046)
	107,675							(107,675)
Total component units	<u>\$ 1,482,721</u>		<u>\$ 30,000</u>					<u>(1,452,721)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					114,045,068		114,045,068	
Property taxes, levied for debt service					5,945,376		5,945,376	
Resort taxes					42,394,976		42,394,976	1,661,943
Tax increment					44,012,804	2,619,643	46,632,447	
Utility taxes					9,975,273		9,975,273	
Communication service					6,328,924		6,328,924	
Local business					4,298,739		4,298,739	
Miscellaneous					6,653,210		6,653,210	105,148
Gain (loss) on sale of capital assets					89,522	(7,465)	82,057	
Unrestricted investment earnings					3,102,439	2,083,080	5,185,519	15,593
Transfers					(14,625,515)	14,625,515		
Total general revenues and transfers					<u>222,220,816</u>	<u>19,320,773</u>	<u>241,541,589</u>	<u>1,782,684</u>
Change in net assets					<u>27,067,719</u>	<u>40,593,475</u>	<u>67,661,194</u>	<u>329,963</u>
Net assets - beginning					<u>575,012,370</u>	<u>461,472,485</u>	<u>1,036,484,855</u>	<u>2,648,046</u>
Net assets - ending					<u>\$ 602,080,089</u>	<u>\$ 502,065,960</u>	<u>\$ 1,104,146,049</u>	<u>\$ 2,978,009</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, 2010

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 56,112,273	\$ 6,052,706	\$ 12,902,996	\$ 203,002,282	\$ 48,208,214	\$ 326,278,471
Receivables (net of allowance for uncollectibles)	14,846,972	3,682,252		49,326	1,162,681	19,741,231
Accrued interest	1,160,301			47,009		1,207,310
Due from other funds	809,789		578,776	219	2,130	1,390,914
Due from other governments	38,081			6,072,646	2,557,476	8,668,203
Prepaid expenditures			4,489		3,004	7,493
Total assets	<u>\$ 72,967,416</u>	<u>\$ 9,734,958</u>	<u>\$ 13,486,261</u>	<u>\$ 209,171,482</u>	<u>\$ 51,933,505</u>	<u>\$ 357,293,622</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 3,410,556	\$ 123,328	\$ 48,527	\$ 5,945,448	\$ 2,390,219	\$ 11,918,078
Retainage payable	556			2,833,689	917,311	3,751,556
Accrued expenditures	3,530,856	612,327	44,413	198,811	480,555	4,866,962
Unearned/deferred revenues	10,456,069		2,285	147,029	512,585	11,117,968
Due to other governments	2,567			82	13,031	15,680
Due to other funds	407,994	559,158	445,512	411,299	136,323	1,960,286
Total liabilities	<u>17,808,598</u>	<u>1,294,813</u>	<u>540,737</u>	<u>9,536,358</u>	<u>4,450,024</u>	<u>33,630,530</u>
Fund balances:						
Nonspendable			4,489			4,489
Restricted	4,653,291	8,440,145	12,941,035	168,097,039	36,587,996	230,719,506
Committed				34,091,211	11,813,423	45,904,634
Assigned	44,452,200				69,221	44,521,421
Unassigned	6,053,327			(2,553,126)	(987,159)	2,513,042
Total fund balances	<u>55,158,818</u>	<u>8,440,145</u>	<u>12,945,524</u>	<u>199,635,124</u>	<u>47,483,481</u>	<u>323,663,092</u>
Total liabilities and fund balances	<u>\$ 72,967,416</u>	<u>\$ 9,734,958</u>	<u>\$ 13,486,261</u>	<u>\$ 209,171,482</u>	<u>\$ 51,933,505</u>	<u>\$ 357,293,622</u>

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

**CITY OF MIAMI BEACH, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
September 30, 2010**

Total fund balances - governmental funds \$ 323,663,092

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

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

Land	\$	45,223,696	
Intangible assets		4,181,941	
Construction in progress		288,531,642	
Building and structure		104,633,412	
Permanent improvements		165,551,394	
Machinery and equipment		11,893,793	
Infrastructure		120,719,655	
Accumulated depreciation		<u>(221,916,982)</u>	
Total capital assets			518,818,551

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

Bonds, loans and notes payable	\$	(228,478,024)	
Compensated absences		(16,929,813)	
Accrued interest payable		(2,439,586)	
OPEB		<u>(15,086,123)</u>	
Total long term liabilities			(262,933,546)

Bond issuance costs are treated as expenditures in the governmental funds, but are deferred to future periods in the Statement of Net Assets and amortized over the life of the bonds. 2,621,087

Some Deferred Revenues have met the earned criteria for recognition in the Statement of Activities. 7,690,118

Internal service funds are used by management to charge the costs of fleet management, property management, central services, self insurance, and communications to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 12,220,787

Net assets of governmental activities \$ 602,080,089

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, 2010

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 114,182,548				\$ 5,933,745	\$ 120,116,293
Sales, use and fuel	1,422,613				2,744,563	4,167,176
Utility	9,975,273					9,975,273
Resort		42,394,976				42,394,976
Local business	4,298,739					4,298,739
Tax increment			30,815,584	13,197,220		44,012,804
Communication service	6,328,924					6,328,924
Other					2,069,169	2,069,169
Franchise fees	8,456,962					8,456,962
Permits	10,746,531					10,746,531
Intergovernmental	8,337,021			6,169,814	16,044,799	30,551,634
Charges for services	9,513,816				3,133,953	12,647,769
Rents and leases	4,759,126		97,298			4,856,424
Interest	1,727,032	183,910	58,157	320,148	322,492	2,611,739
Fines and forfeitures	2,697,071				722,338	3,419,409
Administrative fees	8,827,372					8,827,372
Impact fees					1,211,002	1,211,002
Other	7,008,962	703,756	25,825	581,335	474,353	8,794,231
Total revenues	198,281,990	43,282,642	30,996,864	20,268,517	32,656,414	325,486,427
EXPENDITURES						
Current:						
General government	32,690,010	1,149,079	5,742,633		854,345	40,436,067
Public safety	143,112,112		2,446,677	1,081,691	6,637,764	153,278,244
Physical environment	2,435,047					2,435,047
Transportation	3,794,601				2,441,830	6,236,431
Economic environment	1,396,749				11,707,245	13,103,994
Human services	489,867				1,183,835	1,673,702
Culture and recreation	29,624,247	6,958,502			2,054,265	38,637,014
Capital Outlay	294,083		7,872	49,466,026	5,292,163	55,060,144
Debt service:						
Principal retirement	690,000				14,537,706	15,227,706
Interest and fiscal charges	629,676				10,447,371	11,077,047
Total expenditures	215,156,392	8,107,581	8,197,182	50,547,717	55,156,524	337,165,396
Excess (deficiency) of revenues over (under) expenditures	(16,874,402)	35,175,061	22,799,682	(30,279,200)	(22,500,110)	(11,678,969)
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	2,213		2,065		200	4,478
Transfers in	24,966,083		3,845,345	15,704,722	27,305,808	71,821,958
Transfers out	(8,005,792)	(36,353,160)	(23,242,900)	(1,719,344)	(5,749,475)	(75,070,671)
Loan proceeds				13,214,259	65,400	13,279,659
Total other financing sources (uses)	16,962,504	(36,353,160)	(19,395,490)	27,199,637	21,621,933	10,035,424
Net change in fund balances	88,102	(1,178,099)	3,404,192	(3,079,563)	(878,177)	(1,643,545)
Fund balances - beginning of year	55,070,716	9,618,244	9,541,332	202,714,687	48,361,658	325,306,637
Fund balances - end of year	\$ 55,158,818	\$ 8,440,145	\$ 12,945,524	\$ 199,635,124	\$ 47,483,481	\$ 323,663,092

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, 2010**

Net change in fund balance - total governmental funds \$ (1,643,545)

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

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

Capital outlay	\$	44,294,970	
Deletions		(12,320)	
Depreciation expense		(8,794,667)	
Excess of capital outlay over depreciation expense			35,487,983

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

Bonds, loans and notes principal retirement	\$	(11,703,610)	
Loan proceeds		13,465,658	
Amortization of net bond premium		149,057	
Amortization of bond issuance costs		(188,963)	
OPEB		(8,178,000)	
Total long term-debt retirement and related transactions			(6,455,858)

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

Increase in compensated absences	\$	(243,673)	
Decrease in accrued interest expense		103,836	
Total additional expense			(139,837)

Deferred revenue that meet the revenue recognition criteria in the Statement of Activities, but not the fund statements, i.e. property taxes. (125,849)

Internal funds are used by management to charge the costs of fleet management, property management, central services, self insurance, and communications to individual funds. (55,175)

Change in net assets of governmental activities \$ 27,067,719

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, 2010

	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	\$ 1,958,848	\$ 17,787,146	\$ 34,149,982	\$ 10,220,520	\$ 24,920,501	\$ 89,036,997	\$ 29,110,042
Cash with fiscal agent							250,000
Restricted cash and investments:							
Revenue bonds covenant		3,930,000	1,810,876			5,740,876	
Accounts receivable (net of allowance for uncollectibles)	731,875	5,433,553	4,025,569	1,792,637	978,570	12,962,204	145,025
Accrued interest receivable	4	85,516				85,520	
Due from other governments				393,475		393,475	
Due from other funds		4,155	6,955		103,047	114,157	1,051,744
Prepaid expenses			7,817	164,251	53,385	225,453	1,263,617
Inventories		2,478,201	9,488			2,487,689	282,335
Total current assets	<u>2,690,727</u>	<u>29,718,571</u>	<u>40,010,687</u>	<u>12,570,883</u>	<u>26,055,503</u>	<u>111,046,371</u>	<u>32,102,763</u>
Noncurrent assets:							
Restricted cash and investments:							
Customer deposits		6,942,262	42,556	1,840,961	78,478	8,904,257	
Interlocal agreement				5,686,250		5,686,250	
Revenue bonds covenant	14,703,003	73,439,643	7,226,986			95,369,632	
Deferred charges	323,282	1,526,021	387,831		1,588	2,238,722	78,536
Capital assets:							
Land		1,492,598	17,283,478	2,089,371	3,408,961	24,274,408	608,520
Intangible assets			4,318,059			4,318,059	
Buildings and structures		7,922,487	62,730,142	162,423,600	13,397,987	246,474,216	2,191,235
Parking lots			4,069,504			4,069,504	
Mains and lines	1,994,411	96,046,702				98,041,113	
Meters and hydrants		12,386,321	2,680,094			15,066,415	
Machinery and equipment	2,031,138	46,577,383	4,186,993	10,267,309	3,508,951	66,571,774	65,671,013
Construction in progress	78,467,003	72,863,798	35,439,897	19,030,621	961,764	206,763,083	476,550
Less accumulated depreciation	(1,788,143)	(52,578,012)	(24,025,006)	(76,639,973)	(7,473,051)	(162,504,185)	(50,996,926)
Total capital assets (net of accumulated depreciation)	<u>80,704,409</u>	<u>184,711,277</u>	<u>106,683,161</u>	<u>117,170,928</u>	<u>13,804,612</u>	<u>503,074,387</u>	<u>17,950,392</u>
Total noncurrent assets	<u>95,730,694</u>	<u>266,619,203</u>	<u>114,340,534</u>	<u>124,698,139</u>	<u>13,884,678</u>	<u>615,273,248</u>	<u>18,028,928</u>
Total assets	<u>98,421,421</u>	<u>296,337,774</u>	<u>154,351,221</u>	<u>137,269,022</u>	<u>39,940,181</u>	<u>726,319,619</u>	<u>50,131,691</u>
LIABILITIES							
Current liabilities:							
Accounts payable	559,895	4,385,449	1,632,068	2,345,148	650,543	9,573,103	2,015,626
Retainage payable	739,048	422,283	301,655	206,825		1,669,811	16,560
Accrued expenses	706,251	1,909,968	454,601	679,281	238,865	3,988,966	365,302
Due to other funds			36,749		43,636	80,385	516,144
Due to other governments			614	19,708	3,468	23,790	
Bonds payable		3,930,000	1,810,876			5,740,876	
Loans payable	24,152	52,976	42,410		111,508	231,046	2,320,338
Deposits		4,016,394	42,556	1,840,961	78,478	5,978,389	
Accrued compensated absences	61,548	344,186	384,058	4,517	288,320	1,082,629	415,264
Unearned revenue			339,050	475,000	39,050	853,100	
Pending insurance claims							7,666,173
Total current liabilities	<u>2,090,894</u>	<u>15,061,256</u>	<u>5,044,637</u>	<u>5,571,440</u>	<u>1,453,868</u>	<u>29,222,095</u>	<u>13,315,407</u>
Noncurrent liabilities:							
Pending insurance claims							3,880,921
Insurance claims incurred but not reported							13,347,202
Deposits		2,925,868				2,925,868	
Accrued compensated absences	76,326	116,641	245,168	44,923	332,421	815,479	738,474
Environmental remediation liability					1,000,000	1,000,000	
Loans payable	203,306	207,481	155,661		422,958	989,406	6,628,900
Revenue bonds payable (net of unamortized discounts)	42,644,662	125,506,665	21,149,484			189,300,811	
Total noncurrent liabilities	<u>42,924,294</u>	<u>128,756,655</u>	<u>21,550,313</u>	<u>44,923</u>	<u>1,755,379</u>	<u>195,031,564</u>	<u>24,595,497</u>
Total liabilities	<u>45,015,188</u>	<u>143,817,911</u>	<u>26,594,950</u>	<u>5,616,363</u>	<u>3,209,247</u>	<u>224,253,659</u>	<u>37,910,904</u>
NET ASSETS							
Invested in capital assets, net of related debt	37,832,289	95,009,701	83,524,730	117,170,928	13,270,146	346,807,794	9,001,154
Restricted:							
Interlocal agreement				5,686,250		5,686,250	
Debt covenant	11,029,859	17,545,295	6,772,110			35,347,264	
Unrestricted	4,544,085	39,964,867	37,459,431	8,795,481	23,460,788	114,224,652	3,219,633
Total net assets	<u>\$ 53,406,233</u>	<u>\$ 152,519,863</u>	<u>\$ 127,756,271</u>	<u>\$ 131,652,659</u>	<u>\$ 36,730,934</u>	<u>\$ 502,065,960</u>	<u>\$ 12,220,787</u>

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

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2010

	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	\$ 11,212,773	\$ 68,728,216	\$ 30,014,763	\$ 6,898,642	\$ 8,569,446	\$ 125,423,840	\$ 62,278,544
Permits, rentals, and other	123	180,422	4,742,171	5,036,749	8,205,519	18,164,984	3,253,774
Total operating revenues	<u>11,212,896</u>	<u>68,908,638</u>	<u>34,756,934</u>	<u>11,935,391</u>	<u>16,774,965</u>	<u>143,588,824</u>	<u>65,532,318</u>
Operating expenses:							
Personal services	1,615,591	6,927,846	9,379,656	2,634,736	8,090,038	28,647,867	11,580,033
Operating supplies	76,203	765,198	210,606	398,144	50,867	1,501,018	4,151,539
Contractual services	201,448	33,354,992	6,917,922	2,236,664	5,487,923	48,198,949	7,241,635
Utilities	61,431	761,306	928,431	1,225,458	102,929	3,079,555	2,301,071
Insurance			152,720	149,815		302,535	10,555,734
Internal charges	591,686	3,318,535	2,684,462	1,132,879	1,457,963	9,185,525	2,121,173
Depreciation	241,484	3,744,090	1,809,720	5,021,045	787,232	11,603,571	6,911,507
Administrative fees	601,906	2,567,040	2,758,620	491,558	1,035,590	7,454,714	567,231
Amortization	71,256	178,471	80,174		440	330,341	16,094
Claims and judgements							20,882,482
Other operating	170,330	703,844	305,577	37,185	1,847,824	3,064,760	532,932
Total operating expenses	<u>3,631,335</u>	<u>52,321,322</u>	<u>25,227,888</u>	<u>13,327,484</u>	<u>18,860,806</u>	<u>113,368,835</u>	<u>66,861,431</u>
Operating income (loss)	<u>7,581,561</u>	<u>16,587,316</u>	<u>9,529,046</u>	<u>(1,392,093)</u>	<u>(2,085,841)</u>	<u>30,219,989</u>	<u>(1,329,113)</u>
Nonoperating revenues (expenses):							
Interest and fiscal charges	(382,280)	(2,675,957)	(1,224,939)		(15,342)	(4,298,518)	(321,531)
Gain (loss) on disposal of capital assets	(7,465)	23,168	5,216	(496,858)	23,813	(452,126)	89,522
Interest income	231,348	723,688	691,568	186,864	249,612	2,083,080	490,700
Total nonoperating revenues (expenses)	<u>(158,397)</u>	<u>(1,929,101)</u>	<u>(528,155)</u>	<u>(309,994)</u>	<u>258,083</u>	<u>(2,667,564)</u>	<u>258,691</u>
Income (loss) before contributions and transfers	7,423,164	14,658,215	9,000,891	(1,702,087)	(1,827,758)	27,552,425	(1,070,422)
Capital contributions			10,507,487			10,507,487	300,097
Transfers in			3,612,532		952,528	4,565,060	874,589
Transfers out	(589,158)		(1,301,064)	(135,539)	(5,736)	(2,031,497)	(159,439)
Change in net assets	<u>6,834,006</u>	<u>14,658,215</u>	<u>21,819,846</u>	<u>(1,837,626)</u>	<u>(880,966)</u>	<u>40,593,475</u>	<u>(55,175)</u>
Total net assets - beginning	<u>46,572,227</u>	<u>137,861,648</u>	<u>105,936,425</u>	<u>133,490,285</u>	<u>37,611,900</u>	<u>461,472,485</u>	<u>12,275,962</u>
Total net assets - ending	<u>\$ 53,406,233</u>	<u>\$ 152,519,863</u>	<u>\$ 127,756,271</u>	<u>\$ 131,652,659</u>	<u>\$ 36,730,934</u>	<u>\$ 502,065,960</u>	<u>\$ 12,220,787</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, 2010

	<u>Storm Water Utility Fund</u>	<u>Water and Sewer Fund</u>	<u>Parking System Fund</u>	<u>Convention Center Complex Fund</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities- Internal Service Funds</u>
Cash flows from operating activities:							
Cash received from customers	\$ 11,406,231	\$ 68,619,546	\$ 30,138,417	\$ 6,375,061	\$ 12,169,878	\$ 128,709,133	\$ 62,259,110
Cash paid to suppliers	(1,180,450)	(35,056,579)	(7,665,282)	(2,859,558)	(6,641,042)	(53,402,911)	(26,529,991)
Cash paid to employees	(1,657,375)	(6,917,001)	(9,354,731)	(2,622,161)	(8,033,820)	(28,585,088)	(11,691,084)
Cash paid for claims and judgements							(20,561,026)
Internal charges-payments made to other funds	(1,193,592)	(5,885,575)	(5,443,082)	(1,624,437)	(2,536,695)	(16,683,381)	(2,702,298)
Other operating revenues	123	180,422	4,742,171	4,643,274	6,987,288	16,553,278	3,405,507
Net cash provided by operating activities	<u>7,374,937</u>	<u>20,940,813</u>	<u>12,417,493</u>	<u>3,912,179</u>	<u>1,945,609</u>	<u>46,591,031</u>	<u>4,180,218</u>
Cash flows for non-capital financing activities:							
Transfers in			3,612,532		952,528	4,565,060	874,589
Transfers out	(589,158)		(1,301,064)	(135,539)	(5,736)	(2,031,497)	(159,439)
Net cash provided by (used in) non-capital financing activities	<u>(589,158)</u>		<u>2,311,468</u>	<u>(135,539)</u>	<u>946,792</u>	<u>2,533,563</u>	<u>715,150</u>
Cash flows from capital and related financing activities:							
Loan proceeds		178,297			118,434	296,731	869,650
Bond proceeds		30,000,000				30,000,000	
Repayment of loan	(23,087)	(30,668)	(46,211)		(109,420)	(209,386)	(2,449,088)
Interest and fiscal charges	(260,354)	(2,038,993)	(1,237,719)		(15,582)	(3,552,648)	(335,198)
Bond payments-principal	(1,190,000)	(3,775,000)	(1,727,294)			(6,692,294)	
Purchase of capital assets	(7,584,011)	(13,448,480)	(3,600,468)	(3,496,365)	(331,875)	(28,461,199)	(3,396,115)
Proceeds from sale of capital assets		30,584	5,216	5,000	29,956	70,756	123,605
Net cash provided by (used in) capital and related financing activities	<u>(9,057,452)</u>	<u>10,915,740</u>	<u>(6,606,476)</u>	<u>(3,491,365)</u>	<u>(308,487)</u>	<u>(8,548,040)</u>	<u>(5,187,146)</u>
Cash flows from investing activities:							
Interest on investments	231,365	654,177	691,568	186,864	249,612	2,013,586	490,699
Net cash provided by investing activities	<u>231,365</u>	<u>654,177</u>	<u>691,568</u>	<u>186,864</u>	<u>249,612</u>	<u>2,013,586</u>	<u>490,699</u>
Net increase (decrease) in cash and equivalents	(2,040,308)	32,510,730	8,814,053	472,139	2,833,526	42,590,140	198,921
Cash and investments - beginning of year	<u>18,702,159</u>	<u>69,588,321</u>	<u>34,416,347</u>	<u>17,275,592</u>	<u>22,165,453</u>	<u>162,147,872</u>	<u>29,161,121</u>
Cash and investments - end of year	<u>\$ 16,661,851</u>	<u>\$ 102,099,051</u>	<u>\$ 43,230,400</u>	<u>\$ 17,747,731</u>	<u>\$ 24,998,979</u>	<u>\$ 204,738,012</u>	<u>\$ 29,360,042</u>
Classified as:							
Current assets	\$ 1,958,848	\$ 17,787,146	\$ 34,149,982	\$ 10,220,520	\$ 24,920,501	\$ 89,036,997	\$ 29,360,042
Restricted assets	14,703,003	84,311,905	9,080,418	7,527,211	78,478	115,701,015	
Total cash and investments	<u>\$ 16,661,851</u>	<u>\$ 102,099,051</u>	<u>\$ 43,230,400</u>	<u>\$ 17,747,731</u>	<u>\$ 24,998,979</u>	<u>\$ 204,738,012</u>	<u>\$ 29,360,042</u>
Non-cash transactions affecting financial position:							
Change in construction and related liabilities	\$ (1,683,745)	\$ 389,815	\$ 72,479	\$ 19,583		\$ (1,201,868)	\$
Change in deferred refunding costs	423,229	510,671				933,900	
Change in bond discount	(157,382)	(173,322)				(330,704)	
Loss on bond refunding	(130,000)	(110,000)				(240,000)	
Capital contributions of capital assets			10,507,487			10,507,487	300,097
Total Non-cash transactions affecting financial position	<u>\$ (1,547,898)</u>	<u>\$ 617,164</u>	<u>\$ 10,579,966</u>	<u>\$ 19,583</u>	<u>\$</u>	<u>\$ 9,668,815</u>	<u>\$ 300,097</u>

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, 2010

(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)	\$ 7,581,561	\$ 16,587,316	\$ 9,529,046	\$ (1,392,093)	\$ (2,085,841)	\$ 30,219,989	\$ (1,329,113)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:							
Depreciation and amortization	312,740	3,922,561	1,889,894	5,021,045	787,672	11,933,912	6,927,601
Provision for uncollectible accounts	142,794	381,350	(50,980)	(67,787)	64,809	470,186	5,588
Changes in assets and liabilities:							
(Increase) decrease in inventories		(262,959)	32			(262,927)	21,507
(Increase) decrease in accounts receivable	50,664	(642,171)	215,887	(390,513)	61,486	(704,647)	127,150
(Increase) decrease in due from other governments				(393,475)	1,129	(392,346)	
(Increase) decrease in due from other funds		(3,655)	(6,955)		2,214,812	2,204,202	2,165,891
(Increase) decrease in prepaid expense		786	(7,817)	(38,843)	10,476	(35,398)	34,107
Increase (decrease) in accounts payable	(1,002,090)	735,007	874,309	919,891	(295,748)	1,231,369	(647,590)
Increase (decrease) in retainage payable							16,560
Increase (decrease) in accrued expenses	329,295	63,161	92,380	340,415	64,523	889,774	7,828
Increase (decrease) in deposits		155,806	7,310	(65,281)	11,105	108,940	
Increase (decrease) in due to other governments			(91,470)	(22,404)	3,468	(110,406)	
Increase (decrease) in due to other funds			36,491		30,857	67,348	(3,380,591)
Increase (decrease) in environmental remediation liability liability					1,000,000	1,000,000	
Increase (decrease) in unearned revenues			(78,099)		29,099	(49,000)	
Increase in pending insurance claims							963,478
(Decrease) in insurance claims incurred but not reported							(642,022)
Increase (decrease) in accrued compensated absences	(40,027)	3,611	7,465	1,224	47,762	20,035	(90,176)
Total adjustments	(206,624)	4,353,497	2,888,447	5,304,272	4,031,450	16,371,042	5,509,331
Net cash provided by operating activities	<u>\$ 7,374,937</u>	<u>\$ 20,940,813</u>	<u>\$ 12,417,493</u>	<u>\$ 3,912,179</u>	<u>\$ 1,945,609</u>	<u>\$ 46,591,031</u>	<u>\$ 4,180,218</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, 2010

	<u>Trust Funds</u>	<u>Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 17,056,959	\$ 6,698,130
Receivables:		
Accounts, net		114,662
Accrued interest	3,308,048	
Contributions	2,330,256	
Other	50,125	
Prepaid expenses	5,450	
Investments, at fair value:		
Short-term investments	540,416	
U.S. Government securities	62,084,667	
Corporate bonds and notes	195,651,437	
Common stocks and index funds	276,347,169	
Aggregated bond funds	70,118,606	
Aggregated equity funds	293,180,346	
Money market funds	4,970,326	
Real estate funds	15,611,166	
Mutual funds self-directed DROP participants	12,460,565	
Total investments	<u>930,964,698</u>	
 Total assets	 <u>953,715,536</u>	 <u>6,812,792</u>
Liabilities		
Accounts payable	13,909,916	142,277
Deposits		<u>6,670,515</u>
 Total liabilities	 <u>13,909,916</u>	 <u>6,812,792</u>
Net Assets		
Held in trust for pension benefits	<u>\$ 939,805,620</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, 2010

	Trust Funds
Additions:	
Contributions -	
Employer	\$ 42,290,663
Employee	11,760,930
State of Florida	2,069,169
Buybacks/transfers from other systems	1,075,434
Other	3,878
Total contributions	57,200,074
Investment Income -	
Net increase/(decrease) in fair value of investments	75,886,596
Interest and dividends income	20,399,405
	96,286,001
Investment management expenses	(3,090,852)
Net investment income	93,195,149
Total additions/(reduction)	150,395,223
Deductions:	
Benefit paid	75,669,145
Contributions refunded	600,375
Transfers to other systems	408,164
Administrative expenses	1,514,378
Total deductions	78,192,062
Net increase	72,203,161
Net assets held in trust for pension benefits - beginning of year	867,602,459
Net assets held in trust for pension benefits - end of year	\$ 939,805,620

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

I. Summary of Significant Accounting Policies

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

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

A. Reporting entity

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

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

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

1. Blended Component Units:

Miami Beach Redevelopment Agency

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

Miami Beach Neighborhood Improvement District No. 1

The Miami Beach Neighborhood Improvement District No. 1 (the "NID No.1") was created under Chapter 87-243, Section 55-73, of the Florida Statutes. The NID No. 1's Board of Directors is the City Commission. The NID No.1 had no financial activity during fiscal year 2010.

Miami Beach Neighborhood Improvement District No. 2

The Miami Beach Neighborhood Improvement District No. 2 (the "NID No. 2") was created under Chapter 87-243, Section 55-73, of the Florida Statutes. The NID No. 2's Board of Directors is the City Commission. The NID No. 2 had no financial activity during fiscal year 2010.

Miami Beach Neighborhood Improvement District No. 3

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

87-243, Section 55-73, of the Florida Statutes. The NID No. 3's Board of Directors is the City Commission. The NID No. 3 had no financial activity during fiscal year 2010.

Normandy Shores Local Government Neighborhood Improvement District

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

2. Discretely Presented Component Units-Governmental Fund Type:

Miami Beach Health Facilities Authority

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

Miami Beach Visitor and Convention Authority

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

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

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

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

B. Government-wide and fund financial statements

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

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

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

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

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

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

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

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

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

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

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

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

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

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

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

Other fund types:

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

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

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

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

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

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

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

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

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

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

D. Assets, liabilities, and net assets or equity

1. *Cash and investments*

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

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

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

2. *Receivables and payables*

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

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

Following are the significant components of the receivables due to the City at September 30, 2010:

- a. Water, Sewer and Waste Fees – This amount represents the unpaid, unbilled and billed charges for various fines and municipal services;
- b. Taxes, Franchise Fees and Rents – This amount represents Ad Valorem taxes, including delinquent taxes, communication and utility taxes, along with franchise fees and rent payments due by September 30, 2010, but not collected as of that date;
- c. Resort Taxes Receivable – This amount represents resort taxes due by September 30, 2010, but not collected as of that date;
- d. Storm Water Receivable – This amount represents the unpaid, billed charges for treating water runoff from impervious areas; and
- e. Accrued Interest Receivable – This amount represents the interest earned but not collected on the City's investments at September 30, 2010.
- f. Intergovernmental Receivable – This amount represents grant revenue earned but not received by the City as of September 30, 2010 and state revenue sharing received within 45 days of year end.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

3. *Inventories and prepaid*

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

Expenditures made for services that will benefit periods beyond September 30, 2010 are recorded as prepaid items in the government-wide financial statements. Accordingly a portion of fund balance has been reserved to indicate that these funds are not available for appropriation.

4. *Restricted assets*

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

5. *Capital Assets*

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

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

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

		Interest Charges		Amount Capitalized
Storm Water Utility	\$	2,172,757	\$	1,918,187
Water and Sewer		5,603,516		3,341,001
Parking Systems		1,237,030		16,217

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

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

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

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

6. *Compensated Absences*

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

7. *Long-term obligations*

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

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

8. *Unearned/Deferred Revenue*

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

9. *Net Assets/ Fund Equity*

In the fund financial statements, fund balance classifications are:

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

law through constitutional provisions or enabling legislations.

- Committed Fund Balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Commission.
- Assigned Fund Balance – amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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

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

10. Restricted Net Assets

Restricted Net Assets consists of amounts restricted to comply with grant contracts and other externally imposed constraints or by legislation that are legally enforceable. At September 30, 2010, the Government-wide statement of net assets reports \$140,468,054 in restricted net assets. Of this amount, \$18,264,493 is restricted as a result of enabling legislation.

11. Use of estimates

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

12. Risk Management

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

13. Employee Benefits Plans and Net Pension Asset/Obligation

The City provides separate defined benefit pension plans for general employees and for police and fire department personnel. The City no longer offers benefits under a defined contribution pension plan

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

created in accordance with Internal Revenue Code Section 401(a) to new employees. However, current employees are still participating in the plan. The City also offers an optional deferred compensation plan created in accordance with Internal Revenue Code Section 457. The 457 Plan and the 401(a) Plan are not included in the City's financial statements.

14. Post Employment Benefits Other Than Pensions (OPEB)

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

15. Health Self Insurance

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

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

II. Stewardship, compliance, and accountability

A. Deficit net assets

At September 30, 2010 the City's Internal Service Self Insurance Fund has a cumulative deficit of \$6.8 million. This is a net decrease of \$2.2 million from the prior year. In the fiscal year, the self insurance funds received \$17.6 million in operating revenues and \$.3 million in interest income. It also had \$15.7 million in operating expenses which includes a reduction of \$1.4 million in actuarially determined liabilities. It is the City's intention to continue to increase revenues and thus reduce the deficit in future years.

B. New accounting pronouncements

Effective October 1, 2009, the City adopted the provision of GASB Statement No. 51 *Accounting and Financial Reporting for Intangible Assets*. This Statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks and computer software. At September 30, 2010, the City reported air rights as intangible assets.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

III. Detailed notes on all funds

A. Deposits and Investments

City's Pooled Portfolio Investments:

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

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

As of September 30, 2010, the City had the following investments in its portfolio:

City's Investment Type	Fair Value	Investment Maturities (in years)	
		Less Than 1	1-5
U.S. government agency	\$ 166,651,419	\$ 40,564,560	\$ 126,086,859
U.S. treasuries	104,265,821	91,925,993	12,339,828
Corporate bonds	15,312,930	10,151,725	5,161,205
Money Market Trust	30,572,876	30,572,876	
Repurchase agreement	144,754,011	144,754,011	
Total	<u>\$ 461,557,057</u>	<u>\$ 317,969,165</u>	<u>\$ 143,587,892</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

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

As of September 30, 2010 the City's investments were rated by Moody's Investors Service and Standard & Poor's as follow:

Investment Type	Issuer	Standard & Poor's	Moody's	Fair Value
Corporate Bonds:				
	GE Capital	AA+	Aa2	\$ 10,151,725
	Rabobank Nederland	AAA	Aaa	5,161,205
				<u>15,312,930</u>
US Government Agencies:				
	FHLB	AAA	Aaa	66,316,849
	FNMA	AAA	Aaa	50,209,346
	FHLMC	AAA	Aaa	21,067,620
	FFCB	AAA	Aaa	29,057,604
				<u>166,651,419</u>
Money Market Trust:				
	U. S. Government	AAA	Aaa	26,400,018
	Bank of America CD	N/A	N/A	4,000,000
	Other	N/A	N/A	172,858
				<u>\$ 30,572,876</u>

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

The City's cash and investments held at September 30, 2010 (including restricted cash and cash with paying agent) are shown below:

	Carrying Amount	% of Portfolio
U.S. government agency	\$ 165,616,244	36.0 %
U.S. treasuries	104,157,831	22.6
Corporate bonds	15,170,587	3.3
Money market trust	30,572,876	6.6
Repurchase agreements	144,754,011	31.5
Total City Investments	460,271,549	100.0 %
City funds managed by others:		
Money market	51,801	
Cash with fiscal agent	250,000	
Common stock	42,296	
Demand deposit	117,142,621	
Total cash and investments	\$ 577,758,267	

Schedule of cash and investments by funds:

General	\$ 56,112,273
Resort Tax	6,052,706
Redevelopment Agency	12,902,996
Capital Projects	203,002,282
Storm Water	16,661,851
Water & Sewer	102,099,051
Parking	43,230,400
Convention Center Complex	17,747,731
Internal Service	29,360,042
Agency	6,698,130
OPEB Trust	10,683,612
Nonmajor Funds	73,207,193
Total cash and investments	\$ 577,758,267

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

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

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

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

Employee Retirement Systems Investments:

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

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

Information about the sensitivity of fair value of the System's investments to market interest rate fluctuations is provided in the table below that shows the distribution of the Systems investment by maturity at September 30, 2010.

City Pension Fund for Firefighters and Police Officers:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 42,640,262	\$ 5,189,908	\$ 31,450,618	\$ 5,999,736
Corporate bonds and notes	166,762,945	15,294,207	68,888,490	82,580,248
Total	\$ 209,403,207	\$ 20,484,115	\$ 100,339,108	\$ 88,579,984

Employees' Retirement Plan:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 17,352,665	\$ 8,265,167	\$ 966,719	\$ 8,120,779
Corporate bonds and notes	24,301,164	581,309	7,131,668	16,588,187
Aggregated bond funds	70,018,731	-	353,165	69,665,566
Total	\$ 111,672,560	\$ 8,846,476	\$ 8,451,552	\$ 94,374,532

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Firemen's Relief and Pension Fund:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 1,259,324	\$ 405,620	\$ 387,196	\$ 466,508
Corporate bonds and notes	3,253,028	304,587	1,525,986	1,422,455
Total	<u>\$ 4,512,352</u>	<u>\$ 710,207</u>	<u>\$ 1,913,182</u>	<u>\$ 1,888,963</u>

Policemen's Relief and Pension Fund:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 832,416	\$ 207,531	\$ 506,416	\$ 118,469
Corporate bonds	1,434,175	101,691	952,236	380,248
Short-term obligations	540,416	540,416		
Total	<u>\$ 2,807,007</u>	<u>\$ 849,638</u>	<u>\$ 1,458,652</u>	<u>\$ 498,717</u>

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

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Credit risk is generally measured by the assignment of a rating by a nationally recognized rating organization. The following table discloses credit ratings by investment type at September 30, 2010.

City Pension Fund for Firefighters and Police Officers:

	Fair Value	Percentage of Portfolio
	<u> </u>	<u> </u>
U.S. Government Securities	\$ 42,640,262	20.36 %
Quality rating of credit risk debt securities		
AA+	4,907,085	2.34
AA	6,842,280	3.27
AA-	10,519,512	5.02
A+	39,959,348	19.08
A	67,482,036	32.23
A-	11,596,399	5.54
BBB+	16,574,307	7.92
BBB	5,857,921	2.80
BB+	3,024,057	1.44
Total credit risk debt securities	<u>166,762,945</u>	<u>79.64</u>
Total fixed income securities	<u>\$ 209,403,207</u>	<u>100 %</u>

Fireman's Relief and Pension Fund:

	Fair Value	Percentage of Portfolio
	<u> </u>	<u> </u>
U.S. Government Securities	\$ 1,259,324	27.91 %
Quality rating of credit risk debt securities		
Aa2	210,325	4.66
Aa3	114,536	2.54
BAA1	162,513	3.60
A1	804,704	17.83
A2	1,621,770	35.94
A3	339,180	7.52
Total credit risk debt securities	<u>3,253,028</u>	<u>72.09</u>
Total fixed income securities	<u>\$ 4,512,352</u>	<u>100 %</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Miami Beach Employees' Retirement Plan:

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	
U.S. Government Securities	\$ 17,352,665	15.54	%
Quality rating of credit risk debt securities			
AAA	1,865,262	1.67	
AA+	42,759,670	38.29	
AA	28,521,579	25.54	
AA-	1,896,749	1.70	
A+	1,564,618	1.40	
A	5,613,289	5.03	
A-	1,877,850	1.68	
BBB+	3,327,916	2.98	
BBB	4,345,812	3.89	
BBB-	2,547,150	2.28	
Total credit risk debt securities	<u>94,319,895</u>	<u>84.46</u>	
Total fixed income securities	\$ <u><u>111,672,560</u></u>	<u><u>100</u></u>	%

Policeman's Relief and Pension Fund:

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	
U.S. Government Securities	\$ 832,416	36.73	%
Quality rating of credit risk debt securities			
AA	120,162	5.30	
A+	326,838	14.42	
A	822,786	36.30	
A-	164,389	7.25	
Total credit risk debt securities	<u>1,434,175</u>	<u>63.27</u>	
Total fixed income securities	\$ <u><u>2,266,591</u></u>	<u><u>100</u></u>	%

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

As of September 30, 2010 the System had the following cash and investments in its portfolio:

	Fair Value
Short term investments	\$ 540,416
U.S. government securities	62,084,667
Corporate bonds and notes	195,651,437
Common stock and index funds	276,347,169
Aggregated bond funds	70,118,606
Aggregated equity funds	293,180,346
Money market funds	4,970,326
Real Estate funds	15,611,166
Mutual funds	12,460,565
Cash	6,373,347
Total cash and investments	\$ 937,338,045

Investments are reported at fair value. The fair value of quoted investments is based on the closing sales price or bid price as reported by recognized security exchanges. Fair value for stocks is determined by using the closing price listed on the national securities exchanges at September 30. Securities traded in the over-the counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. Commercial paper, time deposits and short-term investment pools are valued at cost which approximates market.

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

Discretely Presented Component Units

Component unit's cash and investment in the amount of \$2,913,525 consists of demand deposit and money market deposit accounts. These accounts are not subjected to interest rate risks, credit risks or concentration of credit risks. All deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under the Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral equal to 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, United States governmental and agency securities, state or municipality government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280, Florida Statues. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

B. Receivables

Receivables at September 30, 2010 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Activities						
	General	Resort Tax	Capital Projects	Internal Service	Nonmajor Funds	Total
Receivables:						
Accounts	\$ 6,639,339	\$ 2,747,492	\$ 49,326	\$ 161,659	\$ 1,468,781	\$ 11,066,597
Special Assessments		934,760				934,760
Taxes	11,140,665				540,499	11,681,164
Gross receivables	<u>17,780,004</u>	<u>3,682,252</u>	<u>49,326</u>	<u>161,659</u>	<u>2,009,280</u>	<u>23,682,521</u>
Less: allowance for uncollectible accounts	<u>(2,933,032)</u>			<u>(16,634)</u>	<u>(846,599)</u>	<u>(3,796,265)</u>
Net total receivables	<u>\$ 14,846,972</u>	<u>\$ 3,682,252</u>	<u>\$ 49,326</u>	<u>\$ 145,025</u>	<u>\$ 1,162,681</u>	<u>\$ 19,886,256</u>

Business-type Activities						
	Storm Water	Water and Sewer	Parking	Convention Center Complex	Nonmajor Funds	Total
Receivables:						
Accounts	\$ 1,321,572	\$ 7,011,449	\$ 4,040,541	\$ 1,909,567	\$ 1,948,625	\$ 16,231,754
Gross receivables	1,321,572	7,011,449	4,040,541	1,909,567	1,948,625	16,231,754
Less: allowance for uncollectible accounts	<u>(589,697)</u>	<u>(1,577,896)</u>	<u>(14,972)</u>	<u>(116,930)</u>	<u>(970,055)</u>	<u>(3,269,550)</u>
Net total receivables	<u>\$ 731,875</u>	<u>\$ 5,433,553</u>	<u>\$ 4,025,569</u>	<u>\$ 1,792,637</u>	<u>\$ 978,570</u>	<u>\$ 12,962,204</u>

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

C. Capital assets

Capital asset activities for the year ended September 30, 2010 were as follows:

**Primary Government
Governmental activities:**

	Beginning Balance	Adjustments/ Increases	Adjustments/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 45,832,216	\$	\$	\$ 45,832,216
Intangible assets		4,181,941		4,181,941
Construction work-in-progress	264,948,021	53,915,101	29,854,930	289,008,192
Total capital assets, not being depreciated	310,780,237	58,097,042	29,854,930	339,022,349
Capital assets, being depreciated:				
Building	91,841,185	14,983,462		106,824,647
Permanent improvements	165,349,490	201,904		165,551,394
Furniture & fixtures	2,751,254	175,866		2,927,120
Equipment	72,472,031	4,387,838	2,222,183	74,637,686
Infrastructure	120,719,655			120,719,655
Total capital assets, being depreciated	453,133,615	19,749,070	2,222,183	470,660,502
Less: accumulated depreciation for:				
Building	43,640,579	1,871,166		45,511,745
Permanent improvements	71,519,898	3,539,014		75,058,912
Furniture & fixtures	2,043,902	260,540		2,304,442
Equipment	51,400,484	7,703,173	2,175,781	56,927,876
Infrastructure	90,778,652	2,332,281		93,110,933
Total accumulated depreciation	259,383,515	15,706,174	2,175,781	272,913,908
Total capital assets, being depreciated, net	193,750,100	4,042,896	46,402	197,746,594
Governmental activities capital assets, net	\$ 504,530,337	\$ 62,139,938	\$ 29,901,332	\$ 536,768,943

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Primary Government
Business-type activities:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 24,274,408	\$	\$	\$ 24,274,408
Intangible assets		4,318,059		4,318,059
Construction work-in-progress	198,434,887	21,174,208	12,846,012	206,763,083
Total capital assets, not being depreciated	222,709,295	25,492,267	12,846,012	235,355,550
Capital assets, being depreciated:				
Main & lines	95,749,155	2,291,958		98,041,113
Building & structure	219,026,776	22,983,190	2,642,083	239,367,883
Meters & hydrants	14,900,000	166,415		15,066,415
Furniture, equipment & vehicles	67,211,393	1,439,371	2,078,990	66,571,774
Improvements other than building	11,175,837			11,175,837
Total capital assets, being depreciated	408,063,161	26,880,934	4,721,073	430,223,022
Less: accumulated depreciation for:				
Main & lines	24,281,324	1,703,336		25,984,660
Building & structure	89,225,196	5,526,474	524,450	94,227,220
Meters & hydrants	9,170,897	292,833		9,463,730
Furniture, equipment & vehicles	26,026,425	4,173,041	2,005,479	28,193,987
Improvements other than building	4,634,588			4,634,588
Total accumulated depreciation	153,338,430	11,695,684	2,529,929	162,504,185
Total capital assets, being depreciated, net	254,724,731	15,185,250	2,191,144	267,718,837
Business-type activities, combined capital assets, net	\$ 477,434,026	\$ 40,677,517	\$ 15,037,156	\$ 503,074,387

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

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

Governmental activities:	
General government	\$ 8,308,947
Public safety	1,446,610
Physical environment	209,942
Transportation	3,744,448
Economic environment	76,935
Culture and recreation	<u>1,919,292</u>
Total depreciation expense - governmental activities	<u>\$ 15,706,174</u>
 Business-type activities	
Storm Water	\$ 241,484
Water & Sewer	3,744,090
Parking Systems	1,809,720
Convention Center Complex	5,021,045
Nonmajor enterprise	<u>787,232</u>
Total depreciation expense - business-type activities	<u>\$ 11,603,571</u>

Accumulated Depreciation – For governmental activities, the increase in accumulated depreciation includes \$6,911,507 of depreciation expenses for internal services.

D. Construction and other commitments

At September 30, 2010 the City funds had active construction projects which includes, but is not limited to water; waste water and storm water improvements; as well as a variety of streetscape enhancement projects. The following table sets forth these commitments by fund:

Capital Projects	\$ 43,116,020
Storm Water Utility	1,281,536
Water & Sewer	3,838,595
Parking Systems	1,110,158
Convention Center Complex	2,354,642
Non-major Enterprise	<u>140,187</u>
	<u>\$ 51,841,138</u>

The City funds had the following encumbrance commitments at September 30, 2010

General	\$ 608,435
Capital Project	43,116,020
Other Governmental	<u>3,330,662</u>
	<u>\$ 47,055,117</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

E. Interfund receivables, payables and transfers

Interfund balances at September 30, 2010 consist of the following:

Due From	Due To								
	General	Resort Tax	Redevelopment Agency	Capital Projects	Other Governmental	Parking Systems	Other Enterprise	Internal Service	Total
General	\$	\$	\$ 255,102	\$ 406,925	\$ 127,583	\$	\$ 13,178	\$ 7,001	\$ 809,789
Redevelopment Agency	4,481	559,158				12,745	1,396	996	578,776
Capital Projects				219					219
Other Governmental					2,130				2,130
Water & Sewer				4,155					4,155
Parking							6,955		6,955
Other Enterprise			79,043			24,004			103,047
Internal Service	403,513		111,367		6,610		22,107	508,147	1,051,744
	<u>\$ 407,994</u>	<u>\$ 559,158</u>	<u>\$ 445,512</u>	<u>\$ 411,299</u>	<u>\$ 136,323</u>	<u>\$ 36,749</u>	<u>\$ 43,636</u>	<u>\$ 516,144</u>	<u>\$ 2,556,815</u>

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

interfund transfers for the year ended September 30, 2010 consisted of the following:

Transfer Out	Transfer In										
	General	Resort Tax	Redevelopment Agency	Capital Projects	Other Governmental	Storm Water	Parking	Convention Center	Other Enterprise	Internal Service	Total
General	\$	\$ 24,415,990	\$	\$	93	\$	550,000	\$	\$	\$	24,966,083
Redevelopment Agency		3,845,345									3,845,345
Capital Projects		2,533,786	13,170,050	886							15,704,722
Other Governmental	7,205,792	5,558,039	10,072,850	1,718,458	2,149,382	5,158	383,644	135,539	5,736	71,210	27,305,808
Convention Center											-
Parking					3,600,000		2,250			10,282	3,612,532
Other Enterprise						584,000	365,170			3,358	952,528
Internal Service	800,000									74,589	874,589
	<u>\$ 8,005,792</u>	<u>\$ 36,353,160</u>	<u>\$ 23,242,900</u>	<u>\$ 1,719,344</u>	<u>\$ 5,749,475</u>	<u>\$ 589,158</u>	<u>\$ 1,301,064</u>	<u>\$ 135,539</u>	<u>\$ 5,736</u>	<u>\$ 159,439</u>	<u>\$ 77,261,607</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due (2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, and (3) move unrestricted general revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. Major transfers for the year were:

The General Fund also transferred \$2 million for capital renewal and replacement, \$4.9 million for debt service payment and \$.8 million transferred to the Information and Technology Fund.

\$24.4 million was transferred from the Resort Tax Fund to the General Fund to support South Beach, Middle Beach and North Beach Services, various culture and recreation events, and tourism related citywide expenditures. The Resort Tax Fund also transferred \$3.8 million to the Redevelopment Agency Fund for debt service payments and \$2.5 million was transferred to Capital Projects Fund to fund various approved capital projects.

\$13.2 million was transferred from the Redevelopment Agency Fund to the Capital Projects Fund to finance various projects in the RDA City Center District, along with \$10.1 million to Other Governmental Funds for debt service payments.

There was an additional capital transfer of \$10.5 million from governmental activities for capital assets to the Parking System Fund relating to the City's Municipal Multipurpose Parking Garage.

F. Leases

1. Operating Leases

The City serves as the lessor for tenants leasing various parking facilities, marina, and offices and retail facilities. The tenant leases are considered operating leases, which expire at various dates through fiscal year 2053. Future minimum lease receivables under the operating leases at September 30, 2010, are as follows:

<u>September 30</u>	<u>Business-type Operating Leases</u>	<u>Governmental Operating Leases</u>
2011	\$ 1,467,856	\$ 2,439,434
2012	1,467,856	2,526,255
2013	1,416,613	2,435,356
2014	1,301,546	2,358,565
2015	1,108,631	2,378,397
2016 and thereafter	<u>26,255,413</u>	<u>26,220,814</u>
	<u>\$ 33,017,915</u>	<u>\$ 38,358,821</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

The following schedule provides an analysis of the City's investment in property under operating leases and property held for lease by major classes as of September 30, 2010:

Parking facilities	\$	3,057,742
Recreational facilities		12,582,457
Retail space		49,348,317
Marina		5,654,752
		<u>70,643,268</u>
Less: Accumulated depreciation		<u>(36,058,874)</u>
Net book value of leased assets	\$	<u><u>34,584,394</u></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 is \$70,985,000. 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, 2010 consist of the following:

<u>Issue Name</u>	<u>Interest Rate</u>	<u>Year Issued</u>	<u>Final Maturity</u>		<u>Original Issue</u>	<u>Outstanding 09/30/2010</u>
1985B Gulf Breeze	4.55-5.40	2000	2013	\$	15,910,000	\$ 6,010,000
1985E Gulf Breeze	5.50-5.80	2000	2020		14,090,000	14,090,000
General Obligation - Series 2003	2.00-5.25	2003	2033		<u>62,465,000</u>	<u>50,885,000</u>
Total General Obligation Bonds				\$	<u><u>92,465,000</u></u>	<u><u>70,985,000</u></u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

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

Fiscal Year Ending September 30	General Obligation Bonds Governmental Activities		
	Principal	Interest	Total
2011	\$ 2,705,000	\$ 3,312,847	\$ 6,017,847
2012	2,815,000	3,196,357	6,011,357
2013	2,955,000	3,049,837	6,004,837
2014	3,090,000	2,915,762	6,005,762
2015	3,220,000	2,773,822	5,993,822
2016-2020	18,780,000	11,149,294	29,929,294
2021-2025	14,035,000	6,782,834	20,817,834
2026-2030	13,650,000	4,066,131	17,716,131
2031-2033	9,735,000	888,750	10,623,750
	<u>70,985,000</u>	<u>38,135,634</u>	<u>109,120,634</u>
Plus: Unamortized Bond Premium	282,384		282,384
	<u>\$ 71,267,384</u>	<u>\$ 38,135,634</u>	<u>\$ 109,403,018</u>

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

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

2. Special Obligation Bonds – Governmental Activities

At September 30, 2010 the outstanding principal of special obligation bond issues and repayment sources are as follows:

Issue Name	Repayment Source	Total Original Issue	Total Outstanding Principal
1985B Gulf Breeze fixed rate	Non Ad-Valorem	\$ 2,200,000	\$ 1,120,000
1985C Series 2001 Gulf Breeze fixed rate	Non Ad-Valorem	14,301,954	7,178,058
1985E Gulf Breeze fixed rate	Non Ad-Valorem	22,500,000	13,945,000
1994 Sunshine State VRDS	Non Ad-Valorem	30,000,000	
1998A Tax Increment Revenue Bonds	RDA Tax increment Revenue	29,105,000	10,000,000
2005 Pension Refunding Bonds	Non Ad-Valorem	53,030,000	40,055,000
2005A Tax Increment Revenue Refunding Bonds	RDA Tax increment Revenue	51,440,000	44,325,000
2005B Tax Increment Revenue Refunding Bonds	RDA Tax increment Revenue	29,300,000	25,160,000
Total Special Obligation Bonds		<u>\$ 231,876,954</u>	<u>\$ 141,783,058</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

During fiscal 1994, the City executed a loan agreement with The Sunshine State Governmental Financing Commission to borrow \$30,000,000 on a variable rate note, principal to be repaid in twenty annual installments commencing September 1, 1995 through September 1, 2014. Interest is paid monthly at a variable rate. Interest at September 30, 2009 was 1.10%. On August 1, 2001 the City executed a loan agreement to repay a portion of the outstanding principal for this loan of \$14,977,000. The 1994 Sunshine State VRDS bonds were paid off during fiscal year 2010.

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

On July 1, 1998, the Agency issued \$29,105,000 (Series 1998A) and \$9,135,000 (Series 1998B) in tax-increment bonds. These bonds are secured by a lien upon and pledge of the pledged funds, which include (a) the net trust fund revenue received by the Agency from the City Center/Historic Convention Village Redevelopment and Revitalization Area, (b) the portion of the proceeds for the City's municipal resort tax levied and collected by the City and received by the trustee, and (c) moneys and investments in the funds and accounts created under the resolution. The Series 1998A bonds were issued with interest rates of 6.70% to 7.00% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2020. The Series 1998B bonds were paid off on December 1, 2008. The bonds are subject to a trust indenture, which requires that annual debt service requirements be fully funded upon receipt of trust fund revenue and supplemental revenue, and that any shortage shall be funded based on the supplemental revenue resolution. The Series 1998A Tax-increment bonds were partially refunded/defeased by the issuance of the Series 2005A and 2005B tax increment revenue refunding bonds on September 22, 2005. The Series 1998A bonds had a remaining outstanding principle balance of \$10,000,000 at September 30, 2010.

On September 22, 2005, the Agency issued \$51,440,000 (Series 2005A) and \$29,330,000 (Series 2005B) in tax-increment bonds. These bonds are secured by a lien upon and pledge of the pledged funds, which include (a) the net trust fund revenue received by the Agency from the Redevelopment Area, (b) the portion of the proceeds for the City's municipal resort tax levied and collected by the City and received by the trustee, and (c) moneys and investments in the funds and accounts created under the resolution. The Series 2005A bonds were issued with interest rates of 4.31% to 5.22% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2022. The Series 2005B bonds were issued with interest rates of 3.25% to 5.00% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2022. The bonds are subject to a trust indenture, which requires that annual debt service requirements be fully funded upon receipt of trust fund revenue and supplemental revenue, and that any shortage shall be funded based on the supplemental revenue resolution. At September 30, 2010, \$18,920,000 of the Agency's bonds outstanding are considered defeased.

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

relates to the construction of a Parking Garage. The Parking Enterprise Fund includes an outstanding amount of \$4,086,934 that relates to this debt.

On August 15, 2007, the City defeased the Resort Tax Refunding Bonds, Series 1996. As a result, the outstanding balance of \$3,060,000 was removed from the governmental activities column of the statement of net assets. At September 30, 2010, \$1,470,000 is still considered defeased.

At September 30, 2010 debt service requirements to maturity for special obligation bonds are as follows:

Fiscal Year Ending September 30	Debt Service Requirements Special Obligation Bonds		
	Principal	Interest	Total
2011	\$ 9,914,124	\$ 7,011,196	\$ 16,925,320
2012	10,370,542	6,539,233	16,909,775
2013	11,072,890	6,034,129	17,107,019
2014	11,615,238	5,492,687	17,107,925
2015	12,175,772	4,930,957	17,106,729
2016-2020	60,549,492	15,442,514	75,992,006
2021-2023	26,085,000	1,961,364	28,046,364
	141,783,058	47,412,080	189,195,138
Plus: Net unamortized Bond Premium	911,924		911,924
	\$ 142,694,982	\$ 47,412,080	\$ 190,107,062

The City has pledged net revenues received by the Redevelopment Agency from the City Center/ Historic Convention Village Redevelopment and Revitalization Area of the City and proceeds from the municipal resort tax levied and collected by the City for the 1998 and 2005 Series Tax Increment Revenue Refunding Bonds. For the fiscal year ended September 30, 2010, debt service on the tax increment bonds was \$8,393,267 and tax increment revenues totaled \$30,815,584. Remaining outstanding principal and interest is \$109,405,595.

3. Revenue bonds – Business-Type Activities

a. Parking Fund

The Parking Revenue Fund had the following changes in its current and Long-Term debt outstanding for the year ended September 30, 2010:

Indebtedness	Balance 10/01/2009	Debt Repaid	Balance 09/30/2010
Bonds	\$ 25,009,228	\$ 1,727,294	\$ 23,281,934
	\$ 25,009,228	\$ 1,727,294	\$ 23,281,934

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Parking Revenue Fund indebtedness at September 30, 2010, is comprised of the following issued indebtedness:

\$21,000,000	1997 Parking Revenue Bonds due in annual installments through 2022: interest at 4.00% - 5.125%	<u>\$ 19,195,000</u>
\$ 8,143,046	Series 2001 (1985C) Gulf Breeze Loan Pool due in annual installments through 2015: interest at 3.875% - 4.75%	<u>\$ 4,086,934</u>

At September 30, 2010, none of the bonds outstanding are considered defeased.

The aggregate maturities of Long-Term Debt at September 30, 2010, are as follows:

Fiscal Year	Bonded Debt		
Ending September 30	Principal	Interest	Total
2011	\$ 1,810,876	\$ 1,158,622	\$ 2,969,498
2012	1,894,458	1,069,761	2,964,219
2013	1,987,110	974,223	2,961,333
2014	2,089,762	874,050	2,963,812
2015	2,189,228	769,612	2,958,840
2016-2020	9,270,500	2,404,638	11,675,138
2021-2022	4,040,000	313,138	4,353,138
	23,281,934	7,564,044	30,845,978
Less: Unamortized Bond Discount	321,574		321,574
	\$ 22,960,360	\$ 7,564,044	\$ 30,524,404

The Series 1997 revenue bonds are payable from and secured by a lien on and pledge of net revenues derived from the operation of the City's parking system. The total principal and interest remaining to be paid on the bonds is \$30,845,978. Principal and interest paid for the current year and total customer net revenues were \$2,967,978 and \$6,630,548 respectively.

b. Water and Sewer Fund

The Water & Sewer Fund issued \$54,310,000 in Water and Sewer Revenue Bonds, Series 2000, on September 1, 2000. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The bonds were issued to construct various improvements and extensions to the Water and Sewer utility. This bond was partially refunded by the issuance of the Water and Sewer Revenue Refunding Bonds, Taxable Series 2009J-1A and 2009J-1B. The portion of the Series 2000 bonds refunded was \$23,480,000.

On May 1, 2006, the City obtained four loans from the City of Gulf Breeze, Florida Local Government Loan Pool Program. The City of Miami Beach intends to use a loan from the City of Gulf Breeze, Florida, Series 1985B Bond proceeds and a loan from the City of Gulf Breeze, Florida, Series 1985C proceeds to refund all of the City of Miami Beach's outstanding Water & Sewer Revenue Bonds, Series 1995. In addition, the City intends to use a loan from the City of Gulf Breeze, Florida, Series 1985B Bond proceeds and a loan of the City of Gulf Breeze, Florida, Series 1985E Bond proceeds to pay the cost of certain improvements to its water and sewer utility. As evidence of such loans, the City's Water and Sewer Fund issued \$8,500,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1, \$18,300,000 in

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Water and Sewer Revenue Bonds, Taxable Series 2006B-2, \$27,500,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series, 2006C, and \$5,700,000 in Water and Sewer Revenue Bonds, Taxable Series 2006E. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The Refunding bonds were issued to refund the Water and Sewer Revenue Bonds, Series 1995, and the other two bonds were issued to construct various improvements and extensions to the Water and Sewer utility.

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

Indebtedness of the Water and Sewer Fund at September 30, 2010 is as follows:

\$ 54,310,000	2000 Revenue Bonds due in annual installments through 2030: Interest at 5.00% - 5.75%	<u>\$ 30,830,000</u>
\$ 8,500,000	2006B-1 Water & Sewer Revenue Refunding Bonds Gulf Breeze Loan Series 1985B due in annual installments through 2015: Interest at 4.25% - 4.50%	<u>\$ 8,500,000</u>
\$ 18,300,000	2006B-2 Water & Sewer Revenue Bonds Gulf Breeze Loan Series 1985B due in annual installments through 2019: Interest at 4.40% - 4.50%	<u>\$ 18,300,000</u>
\$ 27,500,000	2006C Water & Sewer Revenue Refunding Bonds Gulf Breeze Loan Series 1985C due in annual installments through 2013: Interest at 4.00% - 4.50%	<u>\$ 13,220,000</u>
\$ 5,700,000	2006E Water & Sewer Revenue Bonds Gulf Breeze Loan Series 1985E due in annual installments through 2020: Interest at 5.00%	<u>\$ 5,700,000</u>
\$ 13,590,000	2009J-1A Water & Sewer Revenue Refunding Bonds Gulf Breeze Loan Series 1985J due in annual installments through 2020: Interest at 4.10% - 4.50%	<u>\$ 13,590,000</u>
\$ 10,000,000	2009J-1B Water & Sewer Revenue Refunding Bonds Gulf Breeze Loan Series 1985J due in annual installments through 2023: Interest at 4.82% - 5.00%	<u>\$ 10,000,000</u>
\$ 30,000,000	2009J-1C Water & Sewer Revenue Bonds Gulf Breeze Loan Series 1985J due in annual installments through 2039: Interest at 5.00%	<u>\$ 30,000,000</u>

At September 30, 2010, none of the bonds outstanding are considered defeased.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

The aggregate maturities of Long-term debt as of September 30, 2010 are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2011	\$ 3,930,000	\$ 5,961,735	\$ 9,891,735
2012	4,100,000	5,801,135	9,901,135
2013	4,285,000	5,633,435	9,918,435
2014	3,185,000	5,476,073	8,661,073
2015	4,935,000	5,299,541	10,234,541
2016-2020	31,215,000	22,882,651	54,097,651
2021-2025	25,320,000	16,826,613	42,146,613
2026-2030	23,170,000	11,158,275	34,328,275
2031-2035	11,725,000	6,363,375	18,088,375
2036-2040	18,275,000	2,373,625	20,648,625
	<u>130,140,000</u>	<u>87,776,458</u>	<u>217,916,458</u>
Less:			
Unamortized Discount	192,664		192,664
Deferred refunding cost	510,671		510,671
	<u>\$ 129,436,665</u>	<u>\$ 87,776,458</u>	<u>\$ 217,213,123</u>

The Series 2000, 2006 and 2009 revenue bonds are payable from and secured by a lien on and pledge of net revenues of the water and sewer utility and to the extent provided in the bond resolution, from impact fees, and from all moneys held in the funds and accounts established under the bond resolution. The total principal and interest remaining to be paid on the bonds is \$217,916,458. Principal and interest paid for the current year and total customer net revenues were \$8,191,019 and \$20,298,787 respectively.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

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. This bond was partially refunded by the issuance of the Storm Water Revenue Refunding Bonds, Taxable Series 2009J-2. The portion of the Series 2000 bonds that were refunded was \$16,055,000.

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

Indebtedness of the Storm Water Fund at September 30, 2010 is as follows:

\$52,170,000	2000 Storm Water Revenue Bonds Due in annual installments through 2030: Interest at 4.75%-5.375%	<u>\$27,105,000</u>
\$16,185,000	2009J-2 Storm Water Revenue Refunding Bonds Due in annual installments through 2020: Interest at 2.00% - 4.50%	<u>\$16,185,000</u>

The aggregate maturities of Long-term debt at September 30, 2010 are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2011	\$ 1,400,000	\$ 2,042,670	\$ 2,042,670
2012	1,430,000	2,028,670	3,428,670
2013	1,470,000	1,996,080	3,426,080
2014	1,510,000	1,955,808	3,425,808
2015	8,460,000	1,908,832	3,418,832
2016-2020	13,725,000	8,587,752	17,047,752
2021-2025	15,295,000	6,077,219	19,802,219
2026-2030	<u>43,290,000</u>	<u>2,552,856</u>	<u>17,847,856</u>
	43,290,000	27,149,887	70,439,887
Less:			
Unamortized Discount	222,109		222,109
Deferred refunding cost	<u>423,229</u>		<u>423,229</u>
	<u>\$ 42,644,662</u>	<u>\$ 27,149,887</u>	<u>\$ 69,794,549</u>

The Series 2000 bonds and the Series 2009J-2 are payable from and secured by a lien on and pledge of net revenues of the stormwater utility and from all moneys held in the funds and accounts established under the Bond Resolution. The total principal and interest remaining to be paid on the bonds is \$70,439,887. Principal and interest paid for the current year and total customer net revenues were \$2,862,145 and \$7,871,091 respectively.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

4. Loans

On February 20, 2008, the City entered into a new loan agreement which allows the City to be reimbursed for the purchase of machinery and equipment up to a maximum of \$37,500,000. The interest rates on this loan agreement range from 2.1% to 4.5%. At September 30, 2010, the City was indebted for \$10,169,691.

The aggregate maturities of loans at September 30, 2010 are as follows:

Ending September 30	Principal	Interest	Total
2011	\$ 2,551,384	\$ 310,721	\$ 2,862,105
2012	2,154,775	230,673	2,385,448
2013	2,065,897	159,714	2,225,611
2014	1,485,407	97,283	1,582,690
2015	1,125,980	52,560	1,178,540
2016-2019	786,248	45,947	832,195
	<u>\$ 10,169,691</u>	<u>\$ 896,898</u>	<u>\$ 11,066,589</u>

The above debt has been recorded in the following funds:

Internal Service	\$ 8,949,238
Stormwater	227,458
Water & Sewer	260,457
Parking	198,071
Other Enterprise	534,467
	<u>\$ 10,169,691</u>

5. Other Obligations

On September 27, 2000, the City was granted a \$4,000,000 Section 108 U. S. Housing and Urban Development loan. The City has drawn \$4,000,000 of this loan for improvements to neighborhood Streets, North Shore Park and Youth Center. At September 30, 2010, the outstanding balance on the amount drawn was \$1,050,000. The interest rate on this loan is a variable rate (LIBOR plus 20 basis points or .2%) Principal payments are made annually on the first of August and interest payments are made quarterly. This loan matures on August 1, 2015.

On May 25, 2010, the City entered into an equipment lease purchase financing agreement with a financial institution for the construction/purchase of energy saving equipment in the aggregate principal amount of \$13,279,659. At September 30, 2010, the outstanding balance on this loan was \$13,465,658. The interest rate on this loan is a fixed 4.18%. The first principal and interest payment is due on May 25, 2012. Interest accruing up to May 25, 2012 is added to the principal amount. The total interest that is compounded from May 25, 2010 through April 25, 2012 and that will be added to the principal balance is \$1,105,700. Of this interest amount, only \$185,999 was added to the principal balance as of September 30, 2010, and thus, leaving only \$919,701 to added to the principal balance in fiscal years 2011 and 2012. Principal and interest payment will be made monthly commencing May 25, 2012 and mature on April 25, 2025.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

The aggregate maturities of other long-term obligations at September 30, 2010 are as follows:

Fiscal Year Ending September 30	Long-term Obligation	Interest	Total
2011	\$ 210,000	\$ 5,217	\$ 215,217
2012	445,091	253,087	698,178
2013	809,266	583,435	1,392,701
2014	879,412	556,017	1,435,429
2015	954,201	525,578	1,479,779
2016-2020	5,024,281	2,061,477	7,085,758
2021-2025	7,113,108	737,495	7,850,603
	<u>\$ 15,435,359</u>	<u>\$ 4,722,306</u>	<u>\$ 20,157,665</u>
Less: Net interest added to principal 2011-2012	<u>919,701</u>		<u>919,701</u>
	<u>\$ 14,515,658</u>	<u>\$ 4,722,306</u>	<u>\$ 19,237,964</u>

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

6. Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2010 is as follows:

Governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation	\$ 73,580,000		\$ 2,595,000	\$ 70,985,000	\$ 2,705,000
Special obligation	154,205,764		12,422,706	141,783,058	9,914,124
Net unamortized bond premium	1,343,365		149,057	1,194,308	142,122
Total bonds payable	<u>229,129,129</u>		<u>15,166,763</u>	<u>213,962,366</u>	<u>12,761,246</u>
Claims and judgments	24,572,840	5,620,168	5,298,712	24,894,296	7,666,173
Compensated absences	17,930,053	6,609,417	6,455,919	18,083,551	6,455,919
Other obligations	1,260,000	13,465,658	210,000	14,515,658	210,000
OPEB obligation	6,908,123	8,178,000		15,086,123	
Loans payable	10,528,676	869,650	2,449,088	8,949,238	2,320,338
Governmental activity Long-term liabilities	<u>\$ 290,328,821</u>	<u>\$ 34,742,893</u>	<u>\$ 29,580,482</u>	<u>\$ 295,491,232</u>	<u>\$ 29,413,676</u>
Business-type activities:					
Revenue bonds payable	\$ 173,164,228	\$ 69,775,000	\$ 46,227,294	\$ 196,711,934	\$ 5,740,876
Unamortized bond discount and deferred costs	1,114,874	987,510	432,137	1,670,247	150,777
Total bonds payable	<u>172,049,354</u>	<u>68,787,490</u>	<u>45,795,157</u>	<u>195,041,687</u>	<u>5,590,099</u>
Loans payable	1,133,107	296,731	209,386	1,220,452	231,046
Environmental remediation liability		1,000,000		1,000,000	
Compensated absences	1,878,072	1,102,665	1,082,629	1,898,108	1,082,629
Deposits	8,795,317	3,103,169	2,994,229	8,904,257	5,978,389
Business-type activity Long-term liabilities	<u>\$ 183,855,850</u>	<u>\$ 74,290,055</u>	<u>\$ 50,081,401</u>	<u>\$ 208,064,504</u>	<u>\$ 12,882,163</u>

The City's internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At September 30, 2010, \$1,153,738 internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the internal service and general fund respectively.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

7. Subsequent Events

On November 16, 2010, the City issued \$17,155,000 in Parking Revenue Refunding Bonds, Series 2010A and \$27,405,000 in Parking Revenue Bonds, Series 2010B. The Series 2010A Bonds are being issued by the City for the purpose of providing funds, together with other available moneys, to (i) current refund the City's outstanding Parking Revenue Bonds, Series 1997, previously issued in the aggregate principal amount of \$21,000,000, of which \$19,195,000 are now outstanding, (ii) fund a deposit to the Reserve Account and (iii) pay costs of issuance of the Series 2010A Bonds. The Series 2010A Bonds were issued with interest rates of 3.00% to 5.00% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2022.

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

Both Series 2010A and 2010B Bonds will be repaid solely from pledged revenues of the Parking System.

On January 19, 2011, the City of Miami Beach issued Resolution No. 2011-27590 which authorized the issuance of a line of credit not to exceed an aggregate principal amount of \$30 million to pay the costs of capital projects. The line of credit was obtained from one financial institution. Tax-exempt draws against the line of credit will have a variable interest rate 74% of Libor rate plus 1.05%, and the taxable draws will have a variable rate equal to Libor rate plus 1.05%. There will be an annual fee of .35% on the unused portion of the line of credit payable on a quarterly basis. The City shall pay the financial institution the entire unpaid principal balance together with all accrued and unpaid interest on July 28, 2012 (the "Maturity Date").

8. Current Refundings

On February 17, 2010, the City issued \$13,590,000 in Water & Sewer Revenue Refunding Bonds, Taxable Series 2009J-1A, and \$10,000,000 in Water & Sewer Revenue Refunding Bonds, Taxable Series 2009J-1B, with interest rates ranging from 4.1% to 5.0%, depending on the maturity. In addition, the City issued \$16,185,000 in Stormwater Revenue Refunding Bonds, Taxable Series 2009J-2, with interest rates ranging from 2.0% to 4.5%, depending on the maturity. The proceeds of these refunding bonds were used to currently refund the following bonds:

Bonds Refunded	Amount Refunded
\$54,310,000 Water & Sewer Revenue Bonds, Series 2000	\$ 23,480,000
\$52,170,000 Stormwater Revenue Bonds, Series 2000	16,055,000
	\$ 39,535,000

The proceeds of \$23,590,000 from the Water & Sewer Revenue Refunding Bonds, Taxable Series 2009J-1A and Series 2009J-1B, and \$16,185,000 from the Stormwater Revenue Refunding Bonds, Taxable Series 2009J-2 were deposited in an irrevocable trust with an escrow agent to currently refund the above mentioned bonds. The net present value economic gain from this current refunding was \$2.3 million on the Water & Sewer bonds and \$840,000 on the Stormwater bonds.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

H. Governmental Fund – Fund balance

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

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

- **Nonspendable Fund Balance** – These amounts cannot be spent because they are not in spendable form.
- **Restricted Fund Balance** - These amounts are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- **Committed Fund Balance** – These amounts can only be used for specific purposes pursuant to constraints imposed by the City Commission. The constraints cannot be removed unless the Commission remove it in the same manner it was implemented.
- **Assigned Fund Balance** – These amounts are approved and committed by the City commission subsequent to September 30, 2010. The balance also includes encumbrances assigned for goods and services.
- **Unassigned Fund Balance** – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

Below is a table of fund balance categories and classifications at September 30, 2010 for the City's governmental funds:

	<u>General</u>	<u>Resort Tax</u>	<u>Miami Beach Redevelopment Agency</u>	<u>Capital Projects</u>	<u>Other Governmental</u>
Fund balances:					
Non-spendable:					
Prepays	\$	\$	\$ 4,489	\$	\$
Restricted:					
General government					1,011,362
Public safety	4,653,291				2,777,383
Human services					130,840
Physical environment					19,145
Economic environment			12,941,035		2,653,329
Transportation					21,731,860
Culture and recreation		8,440,145			144,723
Capital projects				168,097,039	
Debt service					8,119,354
Committed:					
Culture and recreation					5,486,416
Capital projects				34,091,211	
Capital reserves					6,327,007
Assigned:					
General government	5,257,752				
Emergencies	38,586,012				
Encumbrances	608,436				
Public safety					69,221
Unassigned:					
General government	3,618,064				
Reimbursable grants funds				(339,855)	(667)
Reimbursable boardup/ Relocation charges					(78,754)
Non-reimbursable grant funds					(907,738)
Non-reimbursable/ none funded capital expenditures				(2,213,271)	
Unrealized gains	2,435,263				
Total Fund Balance	\$ <u>55,158,818</u>	\$ <u>8,440,145</u>	\$ <u>12,945,524</u>	\$ <u>199,635,124</u>	\$ <u>47,483,481</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

The City is pending reimbursement from various grantors for the reimbursable grant funds balance of \$340,522.

The City is pending reimbursement for the \$78,754 in cost incurred to relocate occupants and/ or board up abandoned, unsafe property within City limits. Property owners are issued a bill and a lien is placed against the property after 60 days of non-payment.

The non- reimbursable grant funds of \$907,738 consists of \$218,744 from the State of Florida HRS grant, \$59,434 from HUD HOME grant, and \$629,560 from the Florida DOT Electric Shuttle Grant. Expenditures incurred against these grants were not reimbursed by the grantor and as such, will be funded by the City's other funding sources over time based on available resources.

The non-reimbursable/ non-funded capital expenditures of \$2,213,271 consists of \$616,315 from the North Shore Streetscape Improvement Project, which improved the Street and Streetscape of Collins Ave and Seventy first Street including, but not limited to, lighting, landscaping, furnishing, streets, sidewalks and crosswalks. \$1,046,285 from the Bass Museum expansion and renovation and \$550,671 from the Lincoln Road Streetscape Improvement Project, which improved the streetscape of Lincoln Road including, but not limited to the area of Ocean to the Bay consisting of lighting, landscaping, furnishing, streets, sidewalks and crosswalks. These balances will be funded by the City's other funding sources, over time, based on available resources.

I. Other Information

1. Risk Management

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

A third party insurer (exclusive of windstorm coverage) provides coverage for losses to City buildings above various deductible amounts. The City maintains no excess coverage with independent insurance carriers for the workers' compensation, general, automobile, police professional and public official liability self-insurance program. Premiums are charged to the respective City funds and determined based on amounts necessary to provide funding for current losses and to meet the required annual payments during the fiscal year. There were no settlements in excess of applicable insurance for the past three years. During fiscal year 2010 the City's paid \$1.8 million in property insurance premium. The City's windstorm insurance coverage was decreased to \$10 million.

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

The following are the changes in the funds' claims liability amount during fiscal year 2009 and 2010 respectively:

	2009	2010
Unpaid claims, beginning of year	\$ 22,898,133	\$ 24,572,840
Incurred claims (includes incurred but not yet reported)	8,839,225	3,923,995
Less: claim payments	7,164,518	5,298,712
Unpaid claims, end of year	\$ 24,572,840	\$ 23,198,123

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

The following are the changes in the funds' claims liability amount during fiscal year 2010.

	2010
Unpaid claims, beginning of year	\$ 1,696,173
Incurred claims (includes incurred but not yet reported)	16,958,487
Less: claim payments	16,958,487
Unpaid claims, end of year	\$ 1,696,173

No data is available for fiscal year 2009.

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. Probable losses are accrued in the City's Risk Self-Insurance fund.
- 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. GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* establishes accounting and financial reporting standards for pollution remediation obligations. The City has identified a number of sites that are undergoing pollution remediation activities. Pollution at the sites is due to contamination from ammonia and arsenic in soil and in groundwater. As of September 30, 2010, the City has recorded a pollution remediation liability of \$1 million in Sanitation fund and in the business-type activities.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

3. Pension Plan

a. Miami Beach Employees' Retirement System

i. Summary of Significant Accounting Principles

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

ii Plan Description

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

At October 1, 2009 membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>1,127</u>
Current Employees	<u>1,154</u>

Principally all full-time classified and unclassified employees of the City, except those who joined the 401(a) Plan, must participate in the Plan. Classified employees in the Plan are segregated into three unions: American Federation of State, County, and Municipal Employees ("AFSCME"), Communications Workers of America ("CWA") (formerly Benevolent) and Government Supervisors Association of Florida ("GSAF"). Certain other employees are also segregated into a category called "Other". Unclassified employees are not represented by a bargaining unit. The Plan provides retirement benefits as well as death and disability benefits at three different tiers depending on when the employees entered the Plan. The First Tier is for members that entered the Plan prior to the Second Tier Dates. The Second Tier Dates were established when each of the unions bargained with the City to establish new guidelines for retirement benefits relating to employees associated with their Unions. The Second Tier Dates are April 30, 1993 for members of AFSCME; August 1, 1993 for those classified as "Other and GSAF" and February 21, 1994 for members of CWA. The Second Tier is for members that entered the Plan on or after the Second Tier Dates, but before September 30, 2010.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

The Third Tier Dates are for employees hired on or after September 30, 2010 other than members of CWA.

Classified members administered under the First Tier are eligible for Normal Retirement at age 50 and incrementally over five years of Creditable Service and are entitled to benefits of 3% of Final Average Monthly Earnings ("FAME") multiplied by the first 15 years of Creditable Service plus 4% of FAME multiplied by years of service in excess of 15, with the total not to exceed 90% of the FAME. First Tier unclassified members accrued 4% for Creditable Service before October 18, 1992. Unclassified First Tier members accrued 3% per year of service after October 18, 1992, with the total not to exceed 80% of FAME. Classified and unclassified members administered under the Second Tier are eligible for Normal Retirement at age 55 and five years of Creditable Service and are entitled to benefits of 3% of FAME multiplied by Creditable Service, with a maximum of 80% of FAME. Classified and unclassified members administered under the Third Tier are eligible for Normal Retirement at age 55 with at least 30 years of creditable service, or age 62 with at least five years of creditable service and are entitled to benefits of 2.5% of FAME multiplied by creditable service, subject to a maximum of 80% of FAME. For elected officials, City Manager or City Attorney, the benefit is 4% of FAME for each year of creditable service as an elected official, city manager or city attorney plus the retirement benefit as defined above for any other period of city employment, subject to a maximum of 80% of FAME.

For Unclassified First Tier Members who became a member prior to October 18, 1992 and was continuously a member from that date until March 18, 2006, FAME is defined as the larger of one-twelfth average covered salary during the two highest paid years of creditable service or one-twelfth of the pay of the year immediately preceding March 18, 2006. Effective as of September 30, 2010, FAME for those members who are in a classification within the AFSCME or GSA bargaining units, and for any Unclassified or "Other" member who have obtained normal retirement age or are within 24 months from normal retirement age is defined as average covered salary during the two highest paid years of creditable service. FAME for those member who as of September 30, 2010 are between 24 and 36 months from normal retirement age is defined as average covered salary during the four highest paid years of creditable service. FAME for those members who as of September 30, 2010 are more than 48 months from normal retirement age is defined as average covered salary during the five highest paid years of creditable service.

All First Tier employees who participate are required to contribute 12% (10% prior to July 14, 2010) of their salary to the Plan. All Second and Third Tier employees are required to contribute 10% (8% for Second Tier members prior to July 14, 2010) of their salary. Employee contributions, including buybacks, are disclosed in the financial statements. Any First Tier member who terminates employment may either request a refund of his or her own contributions plus interest or receive his or her accrued benefit beginning at age 50, if at least five years of Creditable Service are completed. Any Second Tier member who entered on or after the Second Tier Date and who terminates employment after five years of Creditable Service may either request a refund of his or her own contributions plus interest or receive his or her accrued benefit beginning at age 55. Any Third Tier member who entered on or after the Third Tier Date and who terminates employment after five years of creditable service but prior to the normal or early retirement date shall be eligible to receive a normal retirement benefit at age 62.

iii. Deferred retirement option plan (DROP)

A DROP was enacted on January 28, 2009 by Ordinance 2009-3626. Under this Plan, participants who have attained eligibility for Normal Retirement may continue working with the City for up to three years while receiving a retirement benefit that is deposited into a DROP account. The amount of the benefit is calculated as if the participant had retired on the date of the DROP commencement. Upon termination with the City, the accumulated value of the DROP account is distributed to the participant. A member's creditable service, accrued benefit and compensation calculation shall be frozen. At September 30, 2010 and 2009, there were 49 and 19 DROP participants, respectively.

**CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)**

iv. Funding Policy, Contributions Required and Contributions Made

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

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

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

For the fiscal year ended September 30, 2010, the City was required to make contributions of \$17,137,394 or 25.16% of covered payroll to the Plan in accordance with actuarially determined requirements computed through an actuarial valuation performed as of October 1, 2009. For the year ended September 30, 2010, the employees contributed \$6,097,359 and buybacks were \$749,153.

The Plan uses the following actuarial valuations at 10/01/09:

Actuarial Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	The actuarial value of assets phase in the difference between the expected actuarial value and actual market value of assets at the rate of 20% per year. The actuarial value of assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the market value of plan assets and whose upper limit is 120% of the market value of plan assets. During periods when investment performance exceeds the assumed rate, actuarial value of assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, actuarial value of assets will tend to be greater than market value.
Amortization Method	Level dollar
Actuarial Assumptions:	
Investment rate of return	8.35%
Projected salary increases	6%
Inflation	4%
COLA	2.5%

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

v. Trend Information

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

Schedule of Employer Contributions

Year Ended September 30,	Annual Required Contribution	Annual Pension Cost	Percentage of Annual Pension Cost Contributed
2008	\$ 13,911,545	\$ 13,911,545	100%
2009	12,863,823	12,863,823	100%
2010	17,137,394	17,137,394	100%

vi. Funded Status and Funding Progress

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

An analysis of the funded status for the fiscal year ended September 30, 2010, for the Miami Beach Employee' Retirement System is as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/2009	\$ 420,520,000	\$ 551,698,000	\$ 131,178,000	76.2%	\$ 70,098,000	187.1%

b. Retirement System for Firefighters and Police Officers

i. Summary of Significant Accounting Principles

The Plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which the employee services are performed. Accounting Principles Generally Accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates. The fair value of quoted investments securities is based on the closing sale price as of September 30, 2010, as reported by recognized securities exchanges. Short term obligations are stated at cost which approximates market value. Gains and losses on the sale of investments are based on the first-in, first-out identification method. Dividends and interest are recognized when earned.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

ii. Plan Description

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

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

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

Effective November 4, 2003, a member who retires, enters the deferred retirement option plan, or separates from the City employment, and is entitled to service or disability benefits, may elect in lieu of such benefit, a joint and contingent survivor option, at any time prior to retirement. Under the joint and contingent survivor option, the member shall receive an actuarially adjustment retirement benefit during the member's lifetime, and have monthly benefit (or designated percentage of 25%, 50%, 66.67% or 75% thereof) continued after the member's death to and for the lifetime of the member's designated joint pensioner. The election of the joint and contingent survivor option shall be null and void if the designated joint pensioner dies before the member's retirement. The value of the joint and contingent survivor option shall be actuarially equivalent to the value otherwise payable.

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

iii. Deferred retirement option plan

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

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

At September 30, 2010, \$6,427,215 the total amount of the Deferred Retirement Option Plan payable represents the balance of the self-directed participants as all of the participants are now in the self-directed DROP.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

At October 1, 2009 the plan membership consisted of the following:

	As of October 1, 2009
Active Members	478
Deferred Vested Members	12
Retired Members:	
a. Service	473*
b. Disabled	62
c. Beneficiaries	99
	634
Total	1,124

* Including members in the DROP

iv. Funding Policy, Contributions Required and Contributions Made.

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

The actual contribution from the City of Miami Beach, and the State of Florida for active employees for the fiscal year ended September 30, 2010, was \$23,403,818 and covered payroll was approximately \$49,144,000. The contribution required from the City and the State of Florida for the fiscal year ended September 30, 2010, was actuarially determined by the October 1, 2008 valuation to be \$23,403,818. The actuarially computed annual covered payroll used in the October 1, 2008 valuation was \$40,661,885. The annual pension cost was \$23,403,818 for the fiscal year ended September 30, 2010.

Significant actuarial assumptions used include: (a) investment return of 8.3%; (b) projected salary increases of 2.87%-9.87% including 3.5% for inflation; and (c) post retirement benefit has a cost of living increases of 2.5% per year compounded annually.

The Plan uses the following actuarial valuations at 10/01/09:

Actuarial Cost Method	Entry age Normal
Amortization Method	Level percentage, closed
Remaining amortization period	22 – 30 years
Asset Valuation Method	Market Related Value
Actuarial Assumptions:	
Investment rate of return*	8.30%
Projected salary increases	2.87% - 9.87%
Cost of living adjustment	2.50%

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

v. Trend Information

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

Schedule of Employer Contributions

Year Ended September 30,	Annual Required Contribution	Annual Pension Cost	Percentage of Annual Pension Cost Contributed
2008	\$ 17,618,045	\$ 17,618,045	100%
2009	20,159,995	20,159,995	100%
2010	23,403,818	23,403,818	100%

vi. Funded Status and Funding Progress

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

An analysis of the funded status for the fiscal year ended September 30, 2010, for the Retirement System for Fire Fighters and Police Officers is as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/2009	\$ 517,602,834	\$ 784,395,822	\$ 266,792,988	66.0%	\$ 41,574,935	641.7%

c. Firemen's and Police Relief and Pension Funds

The City's firefighters and police officers are members of two separate non-contributory money purchase benefit plans established under the provisions of Florida Statutes, Chapters 175 and 185, respectively. These plans are funded solely from proceeds of certain excise taxes levied by the City and imposed upon property and casualty insurance coverage within City limits. This tax, which is collected from insurers by the State of Florida, is remitted to the Plans' Boards of Trustees. The City is under no obligation to make any further contributions to the plans. The excise taxes received from the State of Florida and remitted to the plans for the year ended September 30, 2010 was \$1,466,064 for firefighters and \$603,104 for police officers. These payments were recorded on the City's books as revenues and expenditures during the fiscal year.

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

**CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)**

d. Defined Contribution Retirement Plan-401(A)

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

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

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

Employees in the Plan hired prior to February 21, 1994 are required to contribute 10% of their salary while those hired subsequent to February 21, 1994 are required to contribute 8% of their salary. The City matches the employee's contribution 100%. The Plan of each employee is the immediate property of the employee. Employee have a choice of plan administrators, Nationwide Retirement Solutions (formerly Public Employee Benefits Services Corporation – PEBSCO) and IMCA-RC. In addition, the employee is responsible for the investment of their funds amongst choices of investment vehicles offered by their selected plan administrator.

Plan information as of and for the fiscal year ended September 30, 2010 is a follows:

Members in the Plan		46
City's contribution	\$ 245,912	
Percentage of covered payroll		9.52%
Employees' contribution	211,184	
Percentage of covered payroll		8.17%

e. Postemployment Benefits Other than Pension Benefits (OPEB)

i. Plan description

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

1. Health and Dental Insurance - Employees hired prior to March 18, 2006 are eligible to receive a 50% health insurance contribution of the total premium cost. At age 65, if the retiree is eligible for Medicare Part B, the City contributes 50% of the Medicare Part B payment. Employees hired after March 18, 2006, after vesting in City's retirement plans, are eligible to receive an offset to the retiree premium equal to \$10 per year of credible service, up to a maximum of \$250 per month until age 65 and \$5 per year of credible service up to a maximum of \$125, thereafter.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

2. Life Insurance (\$1,000)

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

At October 1, 2009 the date of the latest actuarial valuation, plan participation consisted of

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

ii. Funding policy

The City has the authority to establish and amend funding policy. For the year ended September 30, 2010, the City paid \$6.4 million in OPEB benefits on a pay-as-go basis and \$1.87 million to the Trust.

The City's net OPEB obligation at September 30, 2010 was \$15.1 million. It is the City's intent to base future Trust contributions on the annual required contribution (ARC) in subsequent annual actuarial reports, however, no Trust contributions are legally or contractually required.

iii. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 16,285,000
Interest on net OPEB obligation	587,000
Adjustment to annual required contribution	<u>(421,000)</u>
Annual OPEB cost (expense)	16,451,000
Contributions made	<u>8,273,000</u>
Net OPEB obligation	8,178,000
Net OPEB obligation - beginning of year	<u>6,908,123</u>
Net OPEB obligation - end of year	<u>\$ 15,086,123</u>

iv. Trend Information

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

Year Ended September 30,	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 16,008,000	57%	\$ 6,908,123
2010	16,451,000	50%	15,086,123

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

v. Funded status and funding progress

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

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Active Participants Covered Payroll	UAAL as % of Active Participants Covered Payroll
10/01/2008	\$ 10,683,612	\$ 180,926,000	\$ 170,242,388	5.9%	\$ 114,783,021	67.4%

vi. Actuarial methods and assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010
(Continued)

The actuarial methods are:

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

The actuarial assumptions are:

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

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

OPEB Trust Fund financial statements for the fiscal year ended September 30, 2010 are as follows:

<u>Statement of Fiduciary Net Assets September 30,2010</u>		<u>Statement of Change in Fiduciary Net Assets September 30,2010</u>	
Cash	\$ <u>10,683,612</u>	Additions	
Total Assets	<u>10,683,612</u>	Employer contribution	\$ 1,870,000
		Interest and dividends income	<u>173,195</u>
Liabilities	<u> </u>	Net increase	2,043,195
Total liabilities	<u> </u>	Assets held in Trust	
Net Assets	\$ <u><u>10,683,612</u></u>	Beginning of year	<u>8,640,417</u>
		End of Year	\$ <u><u>10,683,612</u></u>

f. Financial Statements

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

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

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

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

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

**REQUIRED SUPPLEMENTARY
INFORMATION (RSI)**

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

Miami Beach Employees' Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/c
10/1/07	\$ 412,824	\$ 478,067	\$ 65,243	86.4 %	\$ 59,632	109.4 %
10/1/08	425,715	526,482	100,767	80.9	68,010	148.2
10/1/09	420,520	551,698	131,178	76.2	70,097	187.1

City Pension for Firefighters and Police Officers

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/c
10/1/07	\$ 495,994	\$ 632,993	\$ 136,999	78.4 %	\$ 38,705	354.0 %
10/1/08	507,364	683,732	176,368	74.2	40,662	433.7
10/1/09	517,603	784,396	266,793	66.0	41,575	641.7

Postemployment Benefits Other Than Pension (OPEB)

Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/c
10/1/06	\$	\$ 155,956	\$ 155,956	0.0 %	\$ 111,008	71.2 %
10/1/08	8,640	177,586	168,946	4.9	116,841	69.2
10/1/08	10,684	180,926	170,242	5.9	114,783	67.4

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

CITY OF MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended September 30, 2010
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 115,828,394	\$ 114,182,548	\$ 114,182,548	\$
Sales, use and fuel taxes	1,517,700	1,422,613	1,422,613	
Utility	8,991,400	9,975,273	9,975,273	
Local business	3,872,000	4,298,739	4,298,739	
Communication Service	5,905,000	6,328,924	6,328,924	
Franchise fees	9,144,304	8,456,962	8,456,962	
Permits	10,377,566	10,720,177	10,746,531	26,354
Intergovernmental	8,044,770	8,337,021	8,337,021	
Charges for services	9,347,288	9,522,066	9,513,816	(8,250)
Rents and leases	4,464,386	4,759,126	4,759,126	
Interest income	5,336,000	1,727,032	1,727,032	
Fines and forfeits	3,089,000	2,697,071	2,697,071	
Administrative fees	7,677,149	8,827,372	8,827,372	
Other	8,168,920	7,008,967	7,008,962	(5)
Total revenues	<u>201,763,877</u>	<u>198,263,891</u>	<u>198,281,990</u>	<u>18,099</u>
Expenditures				
General government:				
Mayor and Commission	1,473,295	1,429,051	1,429,051	
City Manager	2,267,038	2,232,567	2,232,567	
City Clerk	1,548,332	1,470,046	1,470,046	
Budget and Performance Management	1,967,578	1,958,515	1,958,515	
Finance	4,379,998	4,401,059	4,401,059	
Human Resources	1,757,898	1,692,080	1,692,080	
Procurement	899,695	905,733	905,733	
City Attorney	4,177,013	4,054,504	4,054,504	
Planning	2,956,868	2,860,111	2,860,111	
Media Relations	914,249	864,985	864,985	
Public Works	2,512,866	2,603,660	2,603,660	
Capital Improvement	3,836,319	3,581,549	3,581,549	
Special Projects	1,161,214	1,295,380	1,295,380	
Unclassified	4,764,571	3,340,770	3,340,770	
Total general government	<u>34,616,934</u>	<u>32,690,010</u>	<u>32,690,010</u>	
Public safety:				
Ocean Rescue	8,452,691	8,848,788	8,848,788	
Building Services	8,571,600	9,243,712	9,243,712	
Code Compliance	4,081,141	4,195,783	4,195,783	
Fire	40,549,325	41,142,078	41,142,078	
Police	78,497,269	78,875,291	78,859,242	16,049
Emergency 911	578,400	455,819	455,819	
Unclassified	750,000	366,690	366,690	
Total public safety	<u>141,480,426</u>	<u>143,128,161</u>	<u>143,112,112</u>	<u>16,049</u>
Physical Environment	2,159,955	2,435,047	2,435,047	
Transportation	4,432,788	3,794,601	3,794,601	
Economic Environment	1,518,208	1,396,749	1,396,749	
Human Services	498,694	489,867	489,867	
Culture and recreation	31,654,774	29,624,247	29,624,247	
Capital Outlay	629,442	294,083	294,083	
Debt service:				
Principal retirement	1,215,222	690,000	690,000	
Interest and fiscal charges	304,100	629,676	629,676	
Total expenditures	<u>218,510,543</u>	<u>215,172,441</u>	<u>215,156,392</u>	<u>16,049</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,746,666)</u>	<u>(16,908,550)</u>	<u>(16,874,402)</u>	<u>34,148</u>
Other financing sources (uses)				
Transfers in	23,015,440	24,965,990	24,966,083	93
Reserves for Building Services	1,546,709	1,546,709		(1,546,709)
Transfers out	(7,825,483)	(8,005,792)	(8,005,792)	
Reserves for future expenditures		(1,600,570)		1,600,570
Sale of capital assets	10,000	2,213	2,213	
Total other financing sources	<u>16,746,666</u>	<u>16,908,550</u>	<u>16,962,504</u>	<u>53,954</u>
Net change in fund balances			88,102	88,102
Fund balances - beginning of year	55,070,716	55,070,716	55,070,716	
Fund balances - end of year	<u>\$ 55,070,716</u>	<u>\$ 55,070,716</u>	<u>\$ 55,158,818</u>	<u>\$ 88,102</u>

CITY OF MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended September 30, 2010
(Unaudited)

	Resort Tax Revenue Fund				Miami Beach Redevelopment Agency			
	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
Revenues								
Resort taxes	\$ 38,100,000	\$ 40,238,287	\$ 42,394,976	\$ 2,156,689	\$	\$	\$	\$
Tax increment					30,807,637	30,807,637	30,815,584	7,947
Rents and leases							97,298	97,298
Interest income	200,000	200,000	183,910	(16,090)	385,057	385,057	58,157	(326,900)
Other	588,000	588,000	703,756	115,756			25,825	25,825
Total revenues	38,888,000	41,026,287	43,282,642	2,256,355	31,192,694	31,192,694	30,996,864	(195,830)
Expenditures								
General government	1,137,519	1,149,079	1,149,079		5,742,633	5,742,633	5,742,633	
Public safety					2,864,494	2,864,494	2,446,677	417,817
Economic environment								
Culture and recreation	6,782,325	6,958,502	6,958,502		2,794,795	2,794,795		2,794,795
Capital Outlay					7,872	7,872	7,872	
Total expenditures	7,919,844	8,107,581	8,107,581		11,409,794	11,409,794	8,197,182	3,212,612
Excess (deficiency) of revenues over (under) expenditures	30,968,156	32,918,706	35,175,061	2,256,355	19,782,900	19,782,900	22,799,682	3,016,782
Other financing sources (uses)								
Transfers in					3,460,000	3,460,000	3,845,345	385,345
Transfers out	(33,114,842)	(38,100,355)	(36,353,160)	1,747,195	(23,242,900)	(23,242,900)	(23,242,900)	
Sale of capital assets							2,065	2,065
Total other financing sources (uses)	(33,114,842)	(38,100,355)	(36,353,160)	1,747,195	(19,782,900)	(19,782,900)	(19,395,490)	387,410
Net change in fund balances	(2,146,686)	(5,181,649)	(1,178,099)	4,003,550			3,404,192	3,404,192
Fund balances - beginning of year	9,618,244	9,618,244	9,618,244		9,541,332	9,541,332	9,541,332	
Fund balances - end of year	<u>\$ 7,471,558</u>	<u>\$ 4,436,595</u>	<u>\$ 8,440,145</u>	<u>\$ 4,003,550</u>	<u>\$ 9,541,332</u>	<u>\$ 9,541,332</u>	<u>\$ 12,945,524</u>	<u>\$ 3,404,192</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2010
(Unaudited)

1. Budgetary Policy

A. Budgetary Data

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

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

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

Pursuant to the City's Charter, the City Manager shall make public a budget summary setting forth the proposed cost of each individual department and reflecting the personnel for each department. The proposed budget includes anticipated expenditures and the means of financing them. After Commission review and public hearings, the budget is adopted prior to October 1st. The budgets are approved by fund and department, and authorized at the department level. Management may transfer amounts between line items within a department as long as the transfer does not result in an increase in the department's budget. Increases to funds or department budgets and transfers between departments require City Commission approval.

There was one (1) supplemental budgetary appropriations during fiscal year ended September 30, 2010.

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

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

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

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

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

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

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

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

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

American Recovery & Reinvestment Act (ARRA) Fund: This fund accounts for revenues and expenditures that are governed by the ARRA grant agreements between the Federal Government and the City.

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

Debt Service Funds:

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

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

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

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

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

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

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

CITY OF MIAMI BEACH, FLORIDA
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2010

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 40,246,997	\$ 7,961,217	\$ 48,208,214
Receivables, net	622,182	540,499	1,162,681
Due from other funds	2,130		2,130
Due from other governments	2,557,476		2,557,476
Prepaid	3,004		3,004
	<u>43,431,789</u>	<u>8,501,716</u>	<u>51,933,505</u>
Total assets	<u>\$ 43,431,789</u>	<u>\$ 8,501,716</u>	<u>\$ 51,933,505</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,390,219	\$	\$ 2,390,219
Retainage payable	917,311		917,311
Accrued expenditures	477,055	3,500	480,555
Unearned/deferred revenues	133,723	378,862	512,585
Due to other governments	13,031		13,031
Due to other funds	136,323		136,323
	<u>4,067,662</u>	<u>382,362</u>	<u>4,450,024</u>
Total liabilities	<u>4,067,662</u>	<u>382,362</u>	<u>4,450,024</u>
FUND BALANCES			
Restricted	28,468,642	8,119,354	36,587,996
Committed	11,813,423		11,813,423
Assigned	69,221		69,221
Unassigned	(987,159)		(987,159)
	<u>39,364,127</u>	<u>8,119,354</u>	<u>47,483,481</u>
Total fund balances	<u>39,364,127</u>	<u>8,119,354</u>	<u>47,483,481</u>
Total liabilities and fund balances	<u>\$ 43,431,789</u>	<u>\$ 8,501,716</u>	<u>\$ 51,933,505</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, 2010

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES			
Property taxes	\$	\$ 5,933,745	\$ 5,933,745
Sales , Use and Fuel Taxes	2,744,563		2,744,563
Other taxes	2,069,169		2,069,169
Federal grants	13,652,936		13,652,936
State grants	1,583,745		1,583,745
Grants from other local units	808,118		808,118
Charges for services	3,133,953		3,133,953
Fines and forfeitures	722,338		722,338
Impact Fees	1,211,002		1,211,002
Interest income	321,007	1,485	322,492
Miscellaneous	474,353		474,353
Total revenues	26,721,184	5,935,230	32,656,414
EXPENDITURES			
Current:			
General government	854,345		854,345
Public safety	6,637,764		6,637,764
Transportation	2,441,830		2,441,830
Economic environment	11,707,245		11,707,245
Human services	1,183,835		1,183,835
Culture and recreation	2,054,265		2,054,265
Capital Outlay	5,292,163		5,292,163
Debt Service:			
Principal	210,000	14,327,706	14,537,706
Interest	7,063	10,354,239	10,361,302
Other		86,069	86,069
Total expenditures	30,388,510	24,768,014	55,156,524
Excess (deficiency) of revenues over (under) expenditures	(3,667,326)	(18,832,784)	(22,500,110)
OTHER FINANCING SOURCES (USES)			
Proceeds of debt issuance		65,400	65,400
Sale of capital assets	200		200
Transfers in	6,779,223	20,526,585	27,305,808
Transfers out	(4,155,983)	(1,593,492)	(5,749,475)
Total other financing sources	2,623,440	18,998,493	21,621,933
Net change in fund balances	(1,043,886)	165,709	(878,177)
Fund balances - beginning of year	40,408,013	7,953,645	48,361,658
Fund balances - end of year	\$ 39,364,127	\$ 8,119,354	\$ 47,483,481

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

September 30, 2010

	Community Development Block Grant Fund	State Housing Initiatives Partnership Fund	Parking Impact Fees Fund	Transportation Concurrency Management Fund	Police Confiscation and Training Fund	ARRA	Other Special Revenue Fund	Total
ASSETS								
Cash and investments	\$ 8,954	\$ 726,551	\$ 4,566,033	\$ 9,785,262	\$ 2,719,735		\$ 22,440,462	\$ 40,246,997
Receivables, net			38,850		2,698		580,634	622,182
Due from other funds	1,385	113					632	2,130
Due from other governments	171,546					1,021,505	1,364,425	2,557,476
Prepaid expenditures							3,004	3,004
Total assets	<u>\$ 181,885</u>	<u>\$ 726,664</u>	<u>\$ 4,604,883</u>	<u>\$ 9,785,262</u>	<u>\$ 2,722,433</u>	<u>\$ 1,021,505</u>	<u>\$ 24,389,157</u>	<u>\$ 43,431,789</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ 152,461	\$ 56,816	\$ 32,988	\$ 18,320	\$ 37,753	\$ 928,809	\$ 1,163,072	\$ 2,390,219
Retainage payable			727,635			55,486	134,190	917,311
Accrued expenditures	7,908	306				37,210	431,631	477,055
Unearned/ Deferred revenue		90,734					42,989	133,723
Due to other funds	21,516						114,807	136,323
Due to other governments							13,031	13,031
Total liabilities	<u>181,885</u>	<u>147,856</u>	<u>760,623</u>	<u>18,320</u>	<u>37,753</u>	<u>1,021,505</u>	<u>1,899,720</u>	<u>4,067,662</u>
Fund balances:								
Restricted		578,808	3,844,260	9,766,942	2,684,680		11,593,952	28,468,642
Committed							11,813,423	11,813,423
Assigned							69,221	69,221
Unassigned							(987,159)	(987,159)
Total fund balances		<u>578,808</u>	<u>3,844,260</u>	<u>9,766,942</u>	<u>2,684,680</u>		<u>22,489,437</u>	<u>39,364,127</u>
Total liabilities and fund balances	<u>\$ 181,885</u>	<u>\$ 726,664</u>	<u>\$ 4,604,883</u>	<u>\$ 9,785,262</u>	<u>\$ 2,722,433</u>	<u>\$ 1,021,505</u>	<u>\$ 24,389,157</u>	<u>\$ 43,431,789</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, 2010

	Community Development Block Grant Fund	State Housing Initiatives Partnership Fund	Parking Impact Fees Fund	Transportation Concurrency Management Fund	Police Confiscation and Training Fund	ARRA	Other Special Revenue Fund	Total
Revenues:								
Sales, Use and Fuel Taxes	\$	\$	\$	\$	\$	\$	\$ 2,744,563	\$ 2,744,563
Other taxes							2,069,169	2,069,169
Federal grants	1,625,136					1,330,504	10,697,296	13,652,936
State grants		1,056,939					526,806	1,583,745
Grants from other local units							808,118	808,118
Charges for services							3,133,953	3,133,953
Fines and forfeitures					460,581		261,757	722,338
Impact Fees			144,375	1,066,627				1,211,002
Interest income		25,915	180,420		47,969		66,703	321,007
Miscellaneous					36,810		437,543	474,353
Total revenues	1,625,136	1,082,854	324,795	1,066,627	545,360	1,330,504	20,745,908	26,721,184
Expenditures:								
Current:								
General government							854,345	854,345
Public safety					172,248		6,465,516	6,637,764
Transportation			705,000	95,061			1,641,769	2,441,830
Economic environment	1,415,043	1,039,266					9,252,936	11,707,245
Human services						355,998	827,837	1,183,835
Culture and recreation						18,000	2,036,265	2,054,265
Capital Outlay			1,515,160	126,011	22,183	956,506	2,672,303	5,292,163
Debt Service:								
Principal	210,000							210,000
Interest							7,063	7,063
Total expenditures	1,625,043	1,039,266	2,220,160	221,072	194,431	1,330,504	23,758,034	30,388,510
Excess (deficiency) of revenues over (under) expenditures	93	43,588	(1,895,365)	845,555	350,929		(3,012,126)	(3,667,326)
OTHER FINANCING SOURCES (USES)								
Sale of capital assets							200	200
Transfers in	258,620						6,520,603	6,779,223
Transfers out	(258,713)		(3,897,270)					(4,155,983)
Total other financing sources (uses)	(93)		(3,897,270)				6,520,803	2,623,440
Net change in fund balances		43,588	(5,792,635)	845,555	350,929		3,508,677	(1,043,886)
Fund balances - beginning of year		535,220	9,636,895	8,921,387	2,333,751		18,980,760	40,408,013
Fund balances - end of year	\$	\$ 578,808	\$ 3,844,260	\$ 9,766,942	\$ 2,684,680	\$	\$ 22,489,437	\$ 39,364,127

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

September 30, 2010

	General Obligation Debt Service Fund	Pension Special Obligation Debt Service Fund	Gulf Breeze Special Obligation Debt Service Fund	Miami Beach Redevelopment Agency Debt Service Fund	Sunshine State Special Obligation Debt Service Fund	Other Debt Service Funds	Total
<u>Assets</u>							
Cash and investments	\$ 627,428	\$ 728	\$ 656,470	\$ 6,546,326	\$ 126,547	\$ 3,718	\$ 7,961,217
Receivables, net	540,499						540,499
Total assets	<u>\$ 1,167,927</u>	<u>\$ 728</u>	<u>\$ 656,470</u>	<u>\$ 6,546,326</u>	<u>\$ 126,547</u>	<u>\$ 3,718</u>	<u>\$ 8,501,716</u>
<u>Liabilities and fund balances</u>							
Liabilities:							
Accrued expenditures	\$	\$	\$	\$	\$	\$ 3,500	\$ 3,500
Deferred revenue	378,862						378,862
Total liabilities	<u>378,862</u>					<u>3,500</u>	<u>382,362</u>
Fund balances:							
Restricted	789,065	728	656,470	6,546,326	126,547	218	8,119,354
Total fund balances	<u>789,065</u>	<u>728</u>	<u>656,470</u>	<u>6,546,326</u>	<u>126,547</u>	<u>218</u>	<u>8,119,354</u>
Total liabilities and fund balances	<u>\$ 1,167,927</u>	<u>\$ 728</u>	<u>\$ 656,470</u>	<u>\$ 6,546,326</u>	<u>\$ 126,547</u>	<u>\$ 3,718</u>	<u>\$ 8,501,716</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, 2010

	General Obligation Debt Service Fund	Pension Special Obligation Debt Service Fund	Gulf Breeze Special Obligation Debt Service Fund	Miami Beach Redevelopment Agency Debt Service Fund	Sunshine State Special Obligation Debt Service Fund	Other Debt Service Funds	Total
Revenues							
Property taxes	\$ 5,933,745	\$	\$	\$	\$	\$	\$ 5,933,745
Interest income	1,176		2	266		41	1,485
Total revenues	<u>5,934,921</u>		<u>2</u>	<u>266</u>		<u>41</u>	<u>5,935,230</u>
Expenditures							
Debt Service:							
Principal	2,595,000	2,830,000	1,717,706	4,255,000	2,930,000		14,327,706
Interest	3,420,529	2,162,828	619,104	4,138,267	13,511		10,354,239
Other	7,830	808	10,953			66,478	86,069
Total expenditures	<u>6,023,359</u>	<u>4,993,636</u>	<u>2,347,763</u>	<u>8,393,267</u>	<u>2,943,511</u>	<u>66,478</u>	<u>24,768,014</u>
Excess of expenditures over revenues	<u>(88,438)</u>	<u>(4,993,636)</u>	<u>(2,347,761)</u>	<u>(8,393,001)</u>	<u>(2,943,511)</u>	<u>(66,437)</u>	<u>(18,832,784)</u>
Other financing sources (uses):							
Proceeds of debt issuance						65,400	65,400
Transfers in		4,993,832	2,516,392	10,072,850	2,943,511		20,526,585
Transfers out				(1,593,492)			(1,593,492)
Total other financing sources		<u>4,993,832</u>	<u>2,516,392</u>	<u>8,479,358</u>	<u>2,943,511</u>	<u>65,400</u>	<u>18,998,493</u>
Net change in fund balances	(88,438)	196	168,631	86,357		(1,037)	165,709
Fund balances at beginning of year	<u>877,503</u>	<u>532</u>	<u>487,839</u>	<u>6,459,969</u>	<u>126,547</u>	<u>1,255</u>	<u>7,953,645</u>
Fund balances at end of year	<u>\$ 789,065</u>	<u>\$ 728</u>	<u>\$ 656,470</u>	<u>\$ 6,546,326</u>	<u>\$ 126,547</u>	<u>\$ 218</u>	<u>\$ 8,119,354</u>

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

For the Fiscal Years Ended September 30, 2010

	General Obligation Debt Service Fund			Miami Beach Redevelopment Agency Special Obligation Debt Service Fund		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues						
Property taxes	\$ 6,024,572	\$ 5,933,745	\$ (90,827)	\$	\$	\$
Interest income		1,176	1,176		266	266
Total revenues	<u>6,024,572</u>	<u>5,934,921</u>	<u>(89,651)</u>		<u>266</u>	<u>266</u>
Expenditures						
Debt Service:						
Principal payments	2,595,000	2,595,000		4,255,000	4,255,000	
Interest payments	3,420,528	3,420,529	(1)	4,138,267	4,138,267	
Other	9,044	7,830	1,214			
Total expenditures	<u>6,024,572</u>	<u>6,023,359</u>	<u>1,213</u>	<u>8,393,267</u>	<u>8,393,267</u>	
Excess (deficiency) of revenues over (under) expenditures		<u>(88,438)</u>	<u>(88,438)</u>	<u>(8,393,267)</u>	<u>(8,393,001)</u>	<u>266</u>
Other financing sources (uses)						
Transfers in				9,986,759	10,072,850	86,091
Transfers out				(1,593,492)	(1,593,492)	
Total other financing sources				<u>8,393,267</u>	<u>8,479,358</u>	<u>86,091</u>
Net change in fund balances		(88,438)	(88,438)		86,357	86,357
Fund balances - beginning	877,503	877,503		6,459,969	6,459,969	
Fund balances - ending	<u>\$ 877,503</u>	<u>\$ 789,065</u>	<u>\$ (88,438)</u>	<u>\$ 6,459,969</u>	<u>\$ 6,546,326</u>	<u>\$ 86,357</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
September 30, 2010

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
ASSETS				
Current assets:				
Cash and investments	\$ 10,619,513	\$ 8,822,622	\$ 5,478,366	\$ 24,920,501
Accounts receivable (net of allowance for uncollectibles)	634,265	4,351	339,954	978,570
Due from other funds	79,043	24,004		103,047
Prepaid expenses		7,000	46,385	53,385
Total current assets	<u>11,332,821</u>	<u>8,857,977</u>	<u>5,864,705</u>	<u>26,055,503</u>
Noncurrent assets:				
Cash and investments				
Customer deposits		8,262	70,216	78,478
Deferred charges	1,588			1,588
Capital assets:				
Land	405,680	2,793,051	210,230	3,408,961
Buildings and structures	542,339	11,955,752	899,896	13,397,987
Machinery and equipment	3,283,176	216,371	9,404	3,508,951
Construction in progress	407,298	112,701	441,765	961,764
Less accumulated depreciation	<u>(2,472,045)</u>	<u>(4,647,074)</u>	<u>(353,932)</u>	<u>(7,473,051)</u>
Total capital assets (net of accumulated depreciation)	<u>2,166,448</u>	<u>10,430,801</u>	<u>1,207,363</u>	<u>13,804,612</u>
Total noncurrent assets	<u>2,168,036</u>	<u>10,439,063</u>	<u>1,277,579</u>	<u>13,884,678</u>
Total assets	<u>13,500,857</u>	<u>19,297,040</u>	<u>7,142,284</u>	<u>39,940,181</u>
LIABILITIES				
Current liabilities:				
Accounts payable	452,924	197,619		650,543
Accrued expenses	238,217	648		238,865
Due to other funds	1,397	39,445	2,794	43,636
Due to other governments		2,561	907	3,468
Loan payable	111,508			111,508
Accrued compensated absences	288,320			288,320
Unearned revenue		39,050		39,050
Total current liabilities	<u>1,092,366</u>	<u>279,323</u>	<u>3,701</u>	<u>1,375,390</u>
Noncurrent liabilities:				
Deposits		8,262	70,216	78,478
Accrued compensated absences	332,421			332,421
Environmental remediation liability	1,000,000			1,000,000
Loan payable	422,958			422,958
Total noncurrent liabilities	<u>1,755,379</u>	<u>8,262</u>	<u>70,216</u>	<u>1,833,857</u>
Total liabilities	<u>2,847,745</u>	<u>287,585</u>	<u>73,917</u>	<u>3,209,247</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,631,982	10,430,801	1,207,363	13,270,146
Unrestricted	9,021,130	8,578,654	5,861,004	23,460,788
Total net assets	<u>\$ 10,653,112</u>	<u>\$ 19,009,455</u>	<u>\$ 7,068,367</u>	<u>\$ 36,730,934</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, 2010

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
Operating revenues:				
Charges for services	\$ 6,409,016	\$ 2,160,430	\$	\$ 8,569,446
Permits, rentals, and other	6,987,288	548,923	669,308	8,205,519
Total operating revenues	<u>13,396,304</u>	<u>2,709,353</u>	<u>669,308</u>	<u>16,774,965</u>
Operating expenses:				
Personal services	8,090,038			8,090,038
Operating supplies	41,574	9,293		50,867
Contractual services	3,928,058	1,499,234	60,631	5,487,923
Utilities	42,553	60,376		102,929
Internal charges	1,457,963			1,457,963
Depreciation	305,554	450,824	30,854	787,232
Administrative fees	877,461	124,606	33,523	1,035,590
Amortization	440			440
Other operating	1,775,222	72,602		1,847,824
Total operating expenses	<u>16,518,863</u>	<u>2,216,935</u>	<u>125,008</u>	<u>18,860,806</u>
Operating income	<u>(3,122,559)</u>	<u>492,418</u>	<u>544,300</u>	<u>(2,085,841)</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(15,342)			(15,342)
Gain (Loss) on disposal of capital assets	23,813			23,813
Interest income	215,315	20,964	13,333	249,612
Total nonoperating expenses	<u>223,786</u>	<u>20,964</u>	<u>13,333</u>	<u>258,083</u>
Income before contributions and transfers	<u>(2,898,773)</u>	<u>513,382</u>	<u>557,633</u>	<u>(1,827,758)</u>
Transfers in	952,528			952,528
Transfers out	(5,736)			(5,736)
Change in net assets	<u>(1,951,981)</u>	<u>513,382</u>	<u>557,633</u>	<u>(880,966)</u>
Total net assets - beginning	<u>12,605,093</u>	<u>18,496,073</u>	<u>6,510,734</u>	<u>37,611,900</u>
Total net assets - ending	<u>\$ 10,653,112</u>	<u>\$ 19,009,455</u>	<u>\$ 7,068,367</u>	<u>\$ 36,730,934</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2010

	<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	\$ 8,709,998	\$ 2,716,413	\$ 743,467	\$ 12,169,878
Cash paid to suppliers	(5,159,421)	(1,429,020)	(52,601)	(6,641,042)
Cash paid to employees	(8,033,820)			(8,033,820)
Internal activity-payments to other funds	(2,335,424)	(170,542)	(30,729)	(2,536,695)
Other operating	<u>6,987,288</u>			<u>6,987,288</u>
Net cash provided by (used in) operating activities	<u>168,621</u>	<u>1,116,851</u>	<u>660,137</u>	<u>1,945,609</u>
Cash flows for non-capital financing activities:				
Transfers in	952,528			952,528
Transfers out	<u>(5,736)</u>			<u>(5,736)</u>
Net cash provided by non-capital financing activities	<u>946,792</u>			<u>946,792</u>
Cash flows from capital and related financial activities:				
Loan proceeds	118,434			118,434
Repayment of loan	(109,420)			(109,420)
Interest and fiscal charges	(15,582)			(15,582)
Purchase of capital assets	(329,955)	(1,920)		(331,875)
Proceeds from sale of capital assets	<u>29,956</u>			<u>29,956</u>
Net cash used in capital and related financial activities	<u>(306,567)</u>	<u>(1,920)</u>		<u>(308,487)</u>
Cash flows from investing activities:				
Interest on investments	<u>215,315</u>	<u>20,964</u>	<u>13,333</u>	<u>249,612</u>
Net cash provided by investing activities	<u>215,315</u>	<u>20,964</u>	<u>13,333</u>	<u>249,612</u>
Net increase in cash and investments	1,024,161	1,135,895	673,470	2,833,526
Cash and investments - beginning of year	<u>9,595,352</u>	<u>7,694,989</u>	<u>4,875,112</u>	<u>22,165,453</u>
Cash and investments - end of year	<u>\$ 10,619,513</u>	<u>\$ 8,830,884</u>	<u>\$ 5,548,582</u>	<u>\$ 24,998,979</u>
Classified as:				
Current assets	\$ 10,619,513	\$ 8,822,622	\$ 5,478,366	\$ 24,920,501
Restricted assets		<u>8,262</u>	<u>70,216</u>	<u>78,478</u>
Total cash and investments	<u>\$ 10,619,513</u>	<u>\$ 8,830,884</u>	<u>\$ 5,548,582</u>	<u>\$ 24,998,979</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, 2010

(continued)

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
Operating income (loss)	\$ (3,122,559)	\$ 492,418	\$ 544,300	\$ (2,085,841)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:				
Depreciation and amortization	305,994	450,824	30,854	787,672
Provision for uncollectible accounts	83,517		(18,708)	64,809
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(21,351)		82,837	61,486
(Increase) decrease in due from other governments		724	405	1,129
(Increase) decrease in due from other funds	2,238,816	(24,004)		2,214,812
(Increase) decrease in prepaid expense			10,476	10,476
Increase (decrease) in accounts payable	(429,449)	137,459	(3,758)	(295,748)
Increase (decrease) in accrued expenses	64,494	29		64,523
Increase (decrease) in deposits		1,075	10,030	11,105
Increase (decrease) in due to other governments		2,561	907	3,468
Increase (decrease) in due to other funds	1,397	26,666	2,794	30,857
Increase (decrease) in environmental remediation liability	1,000,000			1,000,000
Increase (decrease) in deferred revenues		29,099		29,099
Increase (decrease) in accrued compensated absences	47,762			47,762
Total adjustments	3,291,180	624,433	115,837	4,031,450
Net cash provided by (used in) operating activities	\$ 168,621	\$ 1,116,851	\$ 660,137	\$ 1,945,609

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
September 30, 2010

	Fleet Management Fund	Property Management Fund	Central Services Fund	Risk Insurance Fund	Health Insurance Fund	Communications Fund	Total
ASSETS							
Current assets:							
Cash and investments	\$ 4,003,684	\$ 877,011	\$ 220,344	\$ 15,299,332	\$ 1,693,863	\$ 7,015,808	\$ 29,110,042
Cash with fiscal agent				250,000			250,000
Accounts receivable, net	21,518	3,214	4,013		114,522	1,758	145,025
Due from other funds	4,988	105,064	807	15,631	909,566	15,688	1,051,744
Prepaid expenses				1,263,617			1,263,617
Inventories	171,017	97,289	14,029				282,335
Total current assets	<u>4,201,207</u>	<u>1,082,578</u>	<u>239,193</u>	<u>16,828,580</u>	<u>2,717,951</u>	<u>7,033,254</u>	<u>32,102,763</u>
Noncurrent assets:							
Deferred charges	35,986					42,550	78,536
Capital assets:							
Land	608,520						608,520
Buildings and structures	2,171,959	19,276					2,191,235
Machinery and equipment	26,723,702	3,269,627	131,943	348,450		35,197,291	65,671,013
Construction in progress						476,550	476,550
Less accumulated depreciation	(20,281,856)	(2,489,358)	(112,680)	(213,526)		(27,899,506)	(50,996,926)
Total capital assets (net of accumulated depreciation)	<u>9,222,325</u>	<u>799,545</u>	<u>19,263</u>	<u>134,924</u>		<u>7,774,335</u>	<u>17,950,392</u>
Total noncurrent assets	<u>9,258,311</u>	<u>799,545</u>	<u>19,263</u>	<u>134,924</u>		<u>7,816,885</u>	<u>18,028,928</u>
Total assets	<u>13,459,518</u>	<u>1,882,123</u>	<u>258,456</u>	<u>16,963,504</u>	<u>2,717,951</u>	<u>14,850,139</u>	<u>50,131,691</u>
LIABILITIES							
Current liabilities:							
Accounts payable	547,176	144,591	46,082	116,901	680,399	480,477	2,015,626
Retainage payable	16,560						16,560
Accrued expenses	53,908	91,238	7,717	68,625	2,943	140,871	365,302
Due to other funds		996		315,054	200,094		516,144
Accrued compensated absences	64,755	172,457	18,686	22,214	2,226	134,926	415,264
Loan payable	1,656,001	41,811				622,526	2,320,338
Pending insurance claims				5,970,000	1,696,173		7,666,173
Total current liabilities	<u>2,338,400</u>	<u>451,093</u>	<u>72,485</u>	<u>6,492,794</u>	<u>2,581,835</u>	<u>1,378,800</u>	<u>13,315,407</u>
Noncurrent liabilities:							
Accrued compensated absences	128,645	29,590	17,529	53,301	20,146	489,263	738,474
Loan payable	3,792,788	233,930				2,602,182	6,628,900
Pending insurance claims				3,880,921			3,880,921
Insurance claims incurred but not reported				13,347,202			13,347,202
Total noncurrent liabilities	<u>3,921,433</u>	<u>263,520</u>	<u>17,529</u>	<u>17,281,424</u>	<u>20,146</u>	<u>3,091,445</u>	<u>24,595,497</u>
Total liabilities	<u>6,259,833</u>	<u>714,613</u>	<u>90,014</u>	<u>23,774,218</u>	<u>2,601,981</u>	<u>4,470,245</u>	<u>37,910,904</u>
NET ASSETS							
Invested in capital assets, net of related debt	3,773,536	523,804	19,263	134,924		4,549,627	9,001,154
Unrestricted	3,426,149	643,706	149,179	(6,945,638)	115,970	5,830,267	3,219,633
Total net assets	<u>\$ 7,199,685</u>	<u>\$ 1,167,510</u>	<u>\$ 168,442</u>	<u>\$ (6,810,714)</u>	<u>\$ 115,970</u>	<u>\$ 10,379,894</u>	<u>\$ 12,220,787</u>

See accompanying independent auditors' report

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, 2010

	<u>Fleet Management Fund</u>	<u>Property Management Fund</u>	<u>Central Services Fund</u>	<u>Risk Insurance Fund</u>	<u>Health Insurance Fund</u>	<u>Communications Fund</u>	<u>Total</u>
Operating revenues:							
Charges for services	\$ 7,367,595	\$ 8,112,432	\$ 1,007,859	\$ 16,829,950	\$ 16,090,734	\$ 12,869,974	\$ 62,278,544
Miscellaneous	158,111			747,751	752,354	1,595,558	3,253,774
Total operating revenues	<u>7,525,706</u>	<u>8,112,432</u>	<u>1,007,859</u>	<u>17,577,701</u>	<u>16,843,088</u>	<u>14,465,532</u>	<u>65,532,318</u>
Operating expenses:							
Personal services	1,753,464	4,079,430	354,678	555,853	112,116	4,724,492	11,580,033
Operating supplies	3,358,890	675,597	607	1,962		114,483	4,151,539
Contractual services	143,141	1,522,933	334,263	725,442	1,003,284	3,512,572	7,241,635
Utilities	66,207	777,773	2,114	514		1,454,463	2,301,071
Internal charges	539,156	750,997	104,721	24,092		702,207	2,121,173
Administrative fees				567,231			567,231
Amortization	10,411					5,683	16,094
Depreciation	2,986,353	255,476	6,355	63,241		3,600,082	6,911,507
Insurance				9,737,711	818,023		10,555,734
Claims and judgements				3,923,995	16,958,487		20,882,482
Other operating	50,246	64,965	39,381	95,812		282,528	532,932
Total operating expenses	<u>8,907,868</u>	<u>8,127,171</u>	<u>842,119</u>	<u>15,695,853</u>	<u>18,891,910</u>	<u>14,396,510</u>	<u>66,861,431</u>
Operating income (loss)	<u>(1,382,162)</u>	<u>(14,739)</u>	<u>165,740</u>	<u>1,881,848</u>	<u>(2,048,822)</u>	<u>69,022</u>	<u>(1,329,113)</u>
Nonoperating revenues (expenses):							
Interest and fiscal charges	(187,539)	(12,009)				(121,983)	(321,531)
Gain (loss) on sale of capital assets	98,939	5,537		(9,975)		(4,979)	89,522
Interest income	86,002	13,409	1,535	295,841		93,913	490,700
Total nonoperating revenues (expenses)	<u>(2,598)</u>	<u>6,937</u>	<u>1,535</u>	<u>285,866</u>		<u>(33,049)</u>	<u>258,691</u>
Income (loss) before contributions and transfers	<u>(1,384,760)</u>	<u>(7,802)</u>	<u>167,275</u>	<u>2,167,714</u>	<u>(2,048,822)</u>	<u>35,973</u>	<u>(1,070,422)</u>
Capital contributions	62,410					237,687	300,097
Transfers in				10,401		864,188	874,589
Transfers out	(13,759)	(4,750)	(2,704)	(4,233)		(133,993)	(159,439)
Change in net assets	<u>(1,336,109)</u>	<u>(12,552)</u>	<u>164,571</u>	<u>2,173,882</u>	<u>(2,048,822)</u>	<u>1,003,855</u>	<u>(55,175)</u>
Net assets--beginning	<u>8,535,794</u>	<u>1,180,062</u>	<u>3,871</u>	<u>(8,984,596)</u>	<u>2,164,792</u>	<u>9,376,039</u>	<u>12,275,962</u>
Net assets--ending	<u>\$ 7,199,685</u>	<u>\$ 1,167,510</u>	<u>\$ 168,442</u>	<u>\$ (6,810,714)</u>	<u>\$ 115,970</u>	<u>\$ 10,379,894</u>	<u>\$ 12,220,787</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, 2010

	Fleet Management Fund	Property Maintenance Fund	Central Services Fund	Risk Insurance Fund	Health Insurance Fund	Communications Fund	Totals
Cash flows from operating activities:							
Cash received from users	\$ 7,373,468	\$ 8,110,941	\$ 1,013,135	\$ 16,829,950	\$ 16,063,725	\$ 12,867,891	\$ 62,259,110
Cash paid to suppliers	(4,175,732)	(3,186,847)	(355,658)	(13,056,485)	(130,122)	(5,625,147)	(26,529,991)
Cash paid to employees	(1,732,193)	(4,141,577)	(378,576)	(572,484)	(86,801)	(4,779,453)	(11,691,084)
Cash paid for claims and judgements				(5,298,712)	(15,262,314)		(20,561,026)
Internal charges-payments to other funds	(539,156)	(764,891)	(104,721)	(591,323)		(702,207)	(2,702,298)
Other operating	291,228	18,616		747,751	752,354	1,595,558	3,405,507
Net cash provided by (used in) operating activities	<u>1,217,615</u>	<u>36,242</u>	<u>174,180</u>	<u>(1,941,303)</u>	<u>1,336,842</u>	<u>3,356,642</u>	<u>4,180,218</u>
Cash flows for non-capital financing activities:							
Transfers in				10,401		864,188	874,589
Transfers out	(13,759)	(4,750)	(2,704)	(4,233)		(133,993)	(159,439)
Net cash provided by (used in) non-capital financing activities	<u>(13,759)</u>	<u>(4,750)</u>	<u>(2,704)</u>	<u>6,168</u>		<u>730,195</u>	<u>715,150</u>
Cash flows from capital and related financial activities:							
Loan proceeds	869,650						869,650
Repayment of loan	(1,801,586)	(42,812)				(604,690)	(2,449,088)
Interest and fiscal charges	(195,823)	(12,009)				(127,366)	(335,198)
Purchase of capital assets	(1,583,358)	(37,539)		(10,401)		(1,764,817)	(3,396,115)
Proceeds from sale of capital assets	115,215	5,537		2,853			123,605
Net cash used in capital and related financial activities	<u>(2,595,902)</u>	<u>(86,823)</u>		<u>(7,548)</u>		<u>(2,496,873)</u>	<u>(5,187,146)</u>
Cash flows from investing activities:							
Interest on investments	86,002	13,409	1,534	295,841		93,913	490,699
Net cash provided by investing activities	<u>86,002</u>	<u>13,409</u>	<u>1,534</u>	<u>295,841</u>		<u>93,913</u>	<u>490,699</u>
Net increase (decrease) in cash and investments	(1,306,044)	(41,922)	173,010	(1,646,842)	1,336,842	1,683,877	198,921
Cash and investments - beginning of year	5,309,728	918,933	47,334	17,196,174	357,021	5,331,931	29,161,121
Cash and investments - end of year	<u>\$ 4,003,684</u>	<u>\$ 877,011</u>	<u>\$ 220,344</u>	<u>\$ 15,549,332</u>	<u>\$ 1,693,863</u>	<u>\$ 7,015,808</u>	<u>\$ 29,360,042</u>
Classified as:							
Cash and investments-current	\$ 4,003,684	\$ 877,011	\$ 220,344	\$ 15,549,332	\$ 1,693,863	\$ 7,015,808	\$ 29,360,042
Non-cash transactions affecting financial position:							
Capital contributions of capital assets	<u>\$ 62,410</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 237,687</u>	<u>\$ 300,097</u>

(continued)

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES
For the Fiscal Year Ended September 30, 2010

(continued)

	<u>Fleet Management Fund</u>	<u>Property Maintenance Fund</u>	<u>Central Services Fund</u>	<u>Risk Insurance Fund</u>	<u>Health Insurance Fund</u>	<u>Communications Fund</u>	<u>Totals</u>
Operating income (loss)	\$ (1,382,162)	\$ (14,739)	\$ 165,740	\$ 1,881,848	\$ (2,048,822)	\$ 69,022	\$ (1,329,113)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	2,996,764	255,476	6,355	63,241		3,605,765	6,927,601
Provision for uncollectible accounts	5,873	(1,491)			(552)	1,758	5,588
Changes in assets and liabilities:							
(Increase) decrease in inventories	(7,027)	25,690	2,844				21,507
(Increase) decrease in accounts receivable	128,871	18,616	5,359		(26,457)	761	127,150
(Increase) decrease in due from other funds	4,246	(13,894)	(83)	103,724	2,076,500	(4,602)	2,165,891
Increase in prepaid expense				34,107			34,107
Increase (decrease) in accounts payable	(566,781)	(172,265)	19,007	(66,295)	399,845	(261,101)	(647,590)
Increase (decrease) in retainage payable	16,560						16,560
Increase (decrease) in accrued compensated absences	21,055	(44,773)	(24,033)	(15,873)	22,371	(48,923)	(90,176)
Increase (decrease) in due to other funds		996		(2,596,427)	(785,160)		(3,380,591)
Increase (decrease) in pending insurance claims				(732,695)	1,696,173		963,478
(Decrease) in insurance claims incurred but not reported				(642,022)			(642,022)
Increase (decrease) in accrued expenses	216	(17,374)	(1,009)	29,089	2,944	(6,038)	7,828
Total adjustments	<u>2,599,777</u>	<u>50,981</u>	<u>8,440</u>	<u>(3,823,151)</u>	<u>3,385,664</u>	<u>3,287,620</u>	<u>5,509,331</u>
Net cash provided by (used in) operating activities	<u>\$ 1,217,615</u>	<u>\$ 36,242</u>	<u>\$ 174,180</u>	<u>\$ (1,941,303)</u>	<u>\$ 1,336,842</u>	<u>\$ 3,356,642</u>	<u>\$ 4,180,218</u>

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

September 30, 2010

	Employees' Retirement System	Retirement System for Firefighters and Police Officers	Firemen's Relief and Pension Fund *	Policemen's Relief and Pension Fund	Postemployment Benefits Other Than Pension (OPEB)	Totals
Assets						
Cash and cash equivalents	\$ 5,978,247	\$ 20,000	\$ 269,270	\$ 105,830	\$ 10,683,612	\$ 17,056,959
Accrued interest receivable	571,187	2,653,468	55,234	28,159		3,308,048
Contribution receivable	242,998	621,194	1,466,064			2,330,256
Other receivables	50,125					50,125
Prepaid insurance				5,450		5,450
Investments, at fair value:						
Short-term investments				540,416		540,416
U.S. Government securities	17,352,665	42,640,262	1,259,324	832,416		62,084,667
Corporate bonds and notes	24,301,164	166,762,945	3,153,153	1,434,175		195,651,437
Common stocks and index funds	44,081,857	224,698,351	4,845,177	2,721,784		276,347,169
Aggregated bond funds	70,018,731		99,875			70,118,606
Aggregated equity funds	217,421,436	75,758,910				293,180,346
Money market funds		4,970,326				4,970,326
Real estate funds		15,611,166				15,611,166
Mutual funds self-directed DROP participants	2,562,537	9,898,028				12,460,565
Total investments	<u>375,738,390</u>	<u>540,339,988</u>	<u>9,357,529</u>	<u>5,528,791</u>		<u>930,964,698</u>
Total assets	<u>382,580,947</u>	<u>543,634,650</u>	<u>11,148,097</u>	<u>5,668,230</u>	<u>10,683,612</u>	<u>953,715,536</u>
Liabilities						
Accounts payable	<u>3,757,782</u>	<u>10,139,134</u>		<u>13,000</u>		<u>13,909,916</u>
Total liabilities	<u>3,757,782</u>	<u>10,139,134</u>		<u>13,000</u>		<u>13,909,916</u>
Net Assets						
Held in trust for pension benefits	<u>\$ 378,823,165</u>	<u>\$ 533,495,516</u>	<u>\$ 11,148,097</u>	<u>\$ 5,655,230</u>	<u>\$ 10,683,612</u>	<u>\$ 939,805,620</u>

* Balance at June 30, 2010

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

For the Fiscal Year Ended September 30, 2010

	Employees' Retirement System	Retirement System for Firefighters and Police Officers	Firemen's Relief and Pension Fund *	Policemen's Relief and Pension Fund	Postemployment Benefits Other Than Pension (OPEB)	Totals
Additions:						
Contributions -						
Employer	\$ 17,137,394	\$ 23,283,269	\$	\$	\$ 1,870,000	\$ 42,290,663
Employee	6,846,512	4,914,418				11,760,930
State of Florida		120,549	1,416,184	532,436		2,069,169
Buybacks/transfers from other systems		1,075,434				1,075,434
Other			3,535	343		3,878
Total contributions	<u>23,983,906</u>	<u>29,393,670</u>	<u>1,419,719</u>	<u>532,779</u>	<u>1,870,000</u>	<u>57,200,074</u>
Investment income -						
Net increase/(decrease) in fair value of investments	35,791,125	39,329,217	517,806	248,448		75,886,596
Interest and dividends income	3,989,041	15,819,863	278,716	138,590	173,195	20,399,405
Investment management expenses	39,780,166	55,149,080	796,522	387,038	173,195	96,286,001
	(791,421)	(2,247,008)	(34,149)	(18,274)		(3,090,852)
Net investment income/(loss)	<u>38,988,745</u>	<u>52,902,072</u>	<u>762,373</u>	<u>368,764</u>	<u>173,195</u>	<u>93,195,149</u>
Total additions/(reduction)	<u>62,972,651</u>	<u>82,295,742</u>	<u>2,182,092</u>	<u>901,543</u>	<u>2,043,195</u>	<u>150,395,223</u>
Deductions:						
Benefit paid	31,872,195	42,294,293	1,128,318	374,339		75,669,145
Contributions refunded	579,709	20,666				600,375
Transfers to other systems	408,164					408,164
Administrative expenses	705,482	697,141	30,541	81,214		1,514,378
Total deductions	<u>33,565,550</u>	<u>43,012,100</u>	<u>1,158,859</u>	<u>455,553</u>		<u>78,192,062</u>
Net increase/(decrease)	29,407,101	39,283,642	1,023,233	445,990	2,043,195	72,203,161
Net assets held in trust for pension benefits - beginning of year	<u>349,416,064</u>	<u>494,211,874</u>	<u>10,124,864</u>	<u>5,209,240</u>	<u>8,640,417</u>	<u>867,602,459</u>
Net assets held in trust for pension benefits - end of year	<u>\$ 378,823,165</u>	<u>\$ 533,495,516</u>	<u>\$ 11,148,097</u>	<u>\$ 5,655,230</u>	<u>\$ 10,683,612</u>	<u>\$ 939,805,620</u>

* For the period ended June 30, 2010

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

For the Fiscal Year Ended September 30, 2010

	September 30, 2009	Additions	Deductions	September 30, 2010
<u>Assets</u>				
Cash and investments	\$ 6,888,946	\$ 69,206,388	\$ 69,397,204	\$ 6,698,130
Accounts receivable	84,654	199,984	169,976	114,662
Total Assets	<u>\$ 6,973,600</u>	<u>\$ 69,406,372</u>	<u>\$ 69,567,180</u>	<u>\$ 6,812,792</u>
<u>Liabilities</u>				
Accounts payable	\$ 128,251	\$ 54,153,787	\$ 54,139,761	\$ 142,277
Deposits	6,845,349	66,619,211	66,794,045	6,670,515
Total Liabilities	<u>\$ 6,973,600</u>	<u>\$ 120,772,998</u>	<u>\$ 120,933,806</u>	<u>\$ 6,812,792</u>

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

September 30, 2010

	Miami Beach Visitor and Convention Authority	Miami Beach Health Facilities Authority	Total
Assets			
Cash and investments	\$ 2,619,836	\$ 293,689	\$ 2,913,525
Accounts receivable	209,819	105,148	314,967
Capital assets, net of accumulated depreciation	33,045		33,045
Total assets	<u>2,862,700</u>	<u>398,837</u>	<u>3,261,537</u>
Liabilities			
Accounts payable	2,250		2,250
Accrued expenses	281,278		281,278
Total liabilities	<u>283,528</u>		<u>283,528</u>
Net Assets			
Invested in capital assets	33,045		33,045
Unrestricted	2,546,127	398,837	2,944,964
Total net assets	<u>\$ 2,579,172</u>	<u>\$ 398,837</u>	<u>\$ 2,978,009</u>

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

For the Fiscal Year Ended September 30, 2010

	<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	\$ 1,104,486	\$ 30,000	\$ (1,074,486)	\$	\$ (1,074,486)
General administrative	270,560		(270,560)		(270,560)
Total Miami Beach Visitor and Convention Authority	<u>1,375,046</u>	<u>30,000</u>	<u>(1,345,046)</u>		<u>(1,345,046)</u>
Miami Beach Health Facilities Authority					
General administrative	<u>107,675</u>			<u>(107,675)</u>	<u>(107,675)</u>
Total component units	<u>\$ 1,482,721</u>	<u>\$ 30,000</u>			<u>(1,452,721)</u>
General revenues:					
Resort tax allocation			1,661,943		1,661,943
Financing fees				105,148	105,148
Interest			15,549	44	15,593
Total general revenues			<u>1,677,492</u>	<u>105,192</u>	<u>1,782,684</u>
Change in net assets			332,446	(2,483)	329,963
Net assets - beginning			2,246,726	401,320	2,648,046
Net assets - ending			<u>\$ 2,579,172</u>	<u>\$ 398,837</u>	<u>\$ 2,978,009</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities									
Invested in capital assets, net of related debt	\$ 94,230,869	\$ 158,422,795	\$ 177,687,648	\$ 158,234,524	\$ 191,314,123	\$ 228,227,002	\$ 286,954,685	\$ 340,034,409	\$ 375,968,328
Restricted	72,627,548	71,828,095	83,373,860	97,309,826	96,933,608	93,796,180	142,367,431	232,738,568	99,434,540
Unrestricted	48,712,498	9,319,319	4,587,330	4,204,977	54,787,021	103,833,704	84,668,344	2,239,393	126,677,221
Total governmental activities net assets	<u>215,570,915</u>	<u>239,570,209</u>	<u>265,648,838</u>	<u>259,749,327</u>	<u>343,034,752</u>	<u>425,856,886</u>	<u>513,990,460</u>	<u>575,012,370</u>	<u>602,080,089</u>
Business-type activities									
Invested in capital assets, net of related debt	207,522,214	219,819,296	230,924,728	256,118,268	249,458,274	261,687,666	239,922,397	320,033,874	346,807,794
Restricted				12,919,888	28,977,432	28,894,110	21,887,662	18,984,310	41,033,514
Unrestricted	100,091,722	102,118,142	118,799,978	106,422,259	112,344,279	122,077,059	167,223,594	122,454,301	114,224,652
Total business-type activities net assets	<u>307,613,936</u>	<u>321,937,438</u>	<u>349,724,706</u>	<u>375,460,415</u>	<u>390,779,985</u>	<u>412,658,835</u>	<u>429,033,653</u>	<u>461,472,485</u>	<u>502,065,960</u>
Primary government									
Invested in capital assets, net of related debt	301,753,083	378,242,091	408,612,376	414,352,792	440,772,397	489,914,668	526,877,082	660,068,283	722,776,122
Restricted	72,627,548	71,828,095	83,373,860	110,229,714	125,911,040	122,690,290	164,255,093	251,722,878	140,468,054
Unrestricted	148,804,220	111,437,461	123,387,308	110,627,236	167,131,300	225,910,763	251,891,938	124,693,694	240,901,873
Total primary government net assets	<u>\$ 523,184,851</u>	<u>\$ 561,507,647</u>	<u>\$ 615,373,544</u>	<u>\$ 635,209,742</u>	<u>\$ 733,814,737</u>	<u>\$ 838,515,721</u>	<u>\$ 943,024,113</u>	<u>\$ 1,036,484,855</u>	<u>\$ 1,104,146,049</u>

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

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

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental activities:									
General government	\$ 25,829,313	\$ 23,628,047	\$ 28,795,043	\$ 39,320,007	\$ 43,639,010	\$ 48,188,199	\$ 44,608,072	\$ 44,331,119	\$ 44,772,492
Public safety	84,602,292	91,078,245	100,472,672	110,402,334	121,678,913	133,068,393	149,953,945	155,153,733	164,903,020
Physical environment	2,895,202	2,727,148	2,740,147	4,377,740	4,088,447	2,418,815	1,684,934	2,237,314	2,654,793
Transportation	8,933,603	9,529,725	11,602,611	10,665,897	693,673	10,187,046	9,733,789	8,927,038	10,229,616
Economic environment	8,501,119	7,557,709	4,053,198	6,975,706	232,748	22,006,137	4,293,175	3,394,183	12,569,809
Human services	1,495,853	1,546,396	1,480,826	2,323,536	1,839,731	1,438,987	1,721,151	1,606,517	1,714,419
Culture and recreation	31,672,707	29,579,682	36,733,315	36,736,715	40,288,229	38,301,266	39,430,360	41,569,779	42,088,492
Interest on long-term debt	16,334,853	16,051,074	17,369,780	19,284,911	12,991,581	13,570,730	12,476,916	11,767,919	11,294,742
Total governmental activities expenses	180,264,942	181,698,026	203,247,592	230,086,846	225,452,332	269,179,573	263,902,342	269,527,602	290,227,383
Business-type activities:									
Stormwater	4,020,379	3,968,799	4,891,358	4,665,458	4,353,932	5,421,124	4,980,583	3,755,854	4,116,313
Water	14,939,612	15,615,833	17,266,977	17,672,606	20,974,282	21,124,609	20,930,577	23,467,862	26,677,078
Sewer	25,460,076	24,948,514	23,854,749	25,074,612	23,747,056	25,818,687	26,619,914	25,425,037	28,895,679
Parking	15,172,305	16,739,868	17,459,943	19,147,189	20,378,612	22,826,900	24,612,370	25,141,478	26,903,927
Convention Center	13,469,379	15,615,399	15,022,623	16,885,954	18,139,037	18,365,554	17,788,549	14,743,596	13,520,338
Other	7,270,318	7,756,058	8,855,196	10,620,399	17,005,334	14,324,409	15,860,607	15,784,821	19,138,483
Total business-type activities expenses	80,332,069	84,644,471	87,350,846	94,066,218	104,598,254	107,881,283	110,792,600	108,318,648	119,251,818
Total primary government expenses	260,597,011	266,342,497	290,598,438	324,153,064	330,050,586	377,060,856	374,694,942	377,846,250	409,479,201
Program Revenues									
Governmental activities:									
Charges for services:									
General government	\$ 6,459,266	\$ 13,269,829	\$ 19,463,899	\$ 17,266,876	\$ 19,464,495	\$ 30,405,003	\$ 30,588,011	\$ 47,607,219	\$ 43,225,083
Public safety	1,360,094	14,471,102	16,299,872	18,255,615	20,452,808	20,074,100	23,485,245	5,668,803	5,707,217
Culture and recreation	1,118,889	3,798,117	4,634,957	5,532,048	5,581,803	5,849,885	5,837,885	6,513,589	6,852,311
Other	26,317,700	9,756,567	6,231,030	5,714,406	65,111	55,028	34,470	20,305	16,400
Operating grants and contributions	9,526,279	12,003,130	17,874,829	24,260,946	45,361,039	40,620,024	25,591,885	18,890,498	30,959,673
Capital grants and contributions	3,829,445	2,529,706	1,719,812	1,718,649	2,464,239	1,883,176	14,732,625	4,766,094	8,313,962
Total governmental activities program revenue	48,711,673	55,828,451	66,224,399	72,748,540	93,389,495	98,787,216	100,270,121	83,466,508	95,074,286
Business-type activities:									
Charges for services:									
Stormwater	5,230,566	7,622,002	7,833,014	7,872,251	7,415,170	7,357,399	7,109,411	9,671,731	11,212,773
Water	17,749,061	17,925,175	20,210,378	20,014,509	20,131,642	21,653,555	23,080,564	30,141,576	32,941,405
Sewer	25,604,163	26,337,494	25,476,403	28,597,701	27,492,458	25,816,726	28,953,077	32,906,403	35,786,811
Parking	19,187,199	19,599,639	19,688,121	21,107,793	22,119,981	25,063,379	25,626,973	28,267,558	30,014,763
Convention Center	7,557,445	7,067,189	7,544,309	8,330,757	9,486,466	10,167,750	9,044,165	6,884,276	6,898,642
Other	6,661,646	6,115,640	6,386,667	7,449,685	7,465,516	7,956,217	10,038,593	10,758,578	9,787,677
Operating grants and contributions	7,885,883	9,627,672	11,075,929	20,459,284	18,749,928	18,517,953	14,833,004	13,360,122	13,882,449
Capital grants and contributions			15,000,000						
Total business-type activities program revenue	89,875,963	94,294,811	113,214,821	113,831,980	112,860,161	116,632,979	118,685,787	131,990,244	140,524,620
Total primary government program revenue	\$ 138,587,636	\$ 150,123,262	\$ 179,439,220	\$ 186,580,520	\$ 206,249,656	\$ 215,320,195	\$ 218,955,908	\$ 215,456,752	\$ 235,598,906
Net (Expense)/Revenue									
Governmental activities	\$ (131,553,269)	\$ (125,869,575)	\$ (137,023,193)	\$ (157,338,306)	\$ (132,062,837)	\$ (170,392,357)	\$ (163,632,221)	\$ (186,061,094)	\$ (195,153,097)
Business-type activities	9,543,894	9,650,340	25,863,975	19,765,762	8,261,907	8,651,696	7,893,187	23,671,596	21,272,702
Total primary government net expense	\$ (122,009,375)	\$ (116,219,235)	\$ (111,159,218)	\$ (137,572,544)	\$ (123,800,930)	\$ (161,740,661)	\$ (155,739,034)	\$ (162,389,498)	\$ (173,880,395)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 63,314,474	\$ 71,191,120	\$ 79,064,889	\$ 89,653,321	\$ 120,679,428	\$ 145,594,729	\$ 131,585,285	\$ 133,505,827	\$ 119,990,444
Resort taxes	21,021,618	24,002,336	27,406,669	32,112,039	34,265,010	36,595,885	38,100,260	37,412,291	42,394,976
Tax increment	20,731,456	23,705,214	31,351,525	29,814,708	24,934,704	34,521,406	48,964,692	47,655,082	44,012,804
Utility taxes	13,348,286	12,481,722	12,436,407	12,785,676	12,998,955	13,098,395	13,785,849	9,225,871	9,975,273
Communication service								7,196,266	6,328,924
Local business tax	3,216,121	3,259,541	3,663,374	3,598,803	9,258,301	3,662,796	3,341,802	3,684,320	4,298,739
Miscellaneous	8,919,382	9,965,739	107,920	224,200	169,664	118,640	1,304,665	894,995	6,653,210
Unrestricted investment earnings	5,300,943	3,399,593	4,649,415	8,163,573	13,696,366	22,674,807	14,715,094	10,899,704	3,102,439
Gain or (loss) on disposal of capital assets	(213,893)			(25,839,322)		257,928	220,559	28,837	89,522
Transfers	1,336,584	1,863,604	4,421,623	925,797	(654,166)	(3,310,095)	(252,411)	(3,420,189)	(14,625,515)
Total governmental activities	136,974,971	149,868,869	163,101,822	151,438,795	215,348,262	253,214,491	251,765,795	247,083,004	222,220,816
Business-type activities:									
Tax increment							2,357,697	2,405,168	2,619,643
Unrestricted investment earnings	5,581,455	6,536,766	6,344,916	6,895,744	6,403,497	9,930,008	5,871,523	2,941,879	2,083,080
Loss on disposal of capital assets	(6,871)					(12,949)			(7,465)
Transfers	(1,336,584)	(1,863,604)	(4,421,623)	(925,797)	654,166	3,310,095	252,411	3,420,189	14,625,515
Tota: business-type activities	4,238,000	4,673,162	1,923,293	5,969,947	7,057,663	13,227,154	8,481,631	8,767,236	19,320,773
Total primary government	\$ 141,212,971	\$ 154,542,031	\$ 165,025,115	\$ 157,408,742	\$ 222,405,925	\$ 266,441,645	\$ 260,247,426	\$ 255,850,240	\$ 241,541,589
Change in Net Assets									
Governmental activities	\$ 5,421,702	\$ 23,999,294	\$ 26,078,629	\$ (5,899,511)	\$ 83,285,425	\$ 82,822,134	\$ 88,133,574	\$ 61,021,910	\$ 27,067,719
Business-type activities	13,781,894	14,323,502	27,787,268	25,735,709	15,319,570	21,878,850	16,374,818	32,438,832	40,593,475
Total primary government	\$ 19,203,596	\$ 38,322,796	\$ 53,865,897	\$ 19,836,198	\$ 98,604,995	\$ 104,700,984	\$ 104,508,392	\$ 93,460,742	\$ 67,661,194

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

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 2,837,608	\$ 2,056,937	\$ 2,186,082	\$ 198,934	\$ 610,236	\$ 1,128,937	\$ 1,736,059	\$ 1,845,391	\$	\$
Unreserved	25,092,399	26,869,846	26,982,549	29,457,359	34,647,776	36,688,832	42,406,855	44,645,724		
Nonspendable									164,846	
Restricted									6,200,000	4,653,291
Committed									39,821,254	
Assigned									4,499,003	44,452,200
Unassigned									4,385,813	6,053,327
Total general fund	<u>\$ 27,930,007</u>	<u>\$ 28,926,783</u>	<u>\$ 29,168,631</u>	<u>\$ 29,656,293</u>	<u>\$ 35,258,012</u>	<u>\$ 37,817,769</u>	<u>\$ 44,142,914</u>	<u>\$ 46,491,115</u>	<u>\$ 55,070,916</u>	<u>\$ 55,158,818</u>
All Other Governmental Funds										
Reserved	\$ 13,014,935	\$ 31,225,271	\$ 33,769,368	\$ 37,170,427	\$ 30,916,933	\$ 32,287,596	\$ 59,563,178	\$ 55,922,849	\$	\$
Unreserved, reported in:										
Special revenue funds	37,550,511	34,138,001	44,483,861	49,884,099	103,530,139	79,958,508	76,668,102	61,423,282		
Capital projects fund	77,937,850	49,012,669	92,031,329	81,069,050	76,768,194	138,518,580	143,690,512	170,639,551		
Nonspendable									4,490	4,489
Restricted									219,624,064	226,066,215
Committed									50,557,449	45,904,634
Assigned									49,918	69,221
Unassigned										(3,540,285)
Total all other governmental funds	<u>\$ 128,503,296</u>	<u>\$ 114,375,941</u>	<u>\$ 170,284,558</u>	<u>\$ 168,123,576</u>	<u>\$ 211,215,266</u>	<u>\$ 250,764,684</u>	<u>\$ 279,921,792</u>	<u>\$ 287,985,682</u>	<u>\$ 270,235,921</u>	<u>\$ 268,504,274</u>

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

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

Fiscal Year Ended September 30,

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$ 121,361,896	\$ 130,306,537	\$ 148,424,948	\$ 156,600,667	\$ 168,843,857	\$ 197,067,924	\$ 239,203,139	\$ 240,892,131	\$ 240,019,580	\$ 233,363,354
Franchise fees	8,013,954	7,037,263	6,936,623	7,628,488	8,029,982	9,258,301	10,138,123	10,259,817	9,265,529	8,456,962
Permits	9,707,800	9,627,491	10,245,029	12,547,560	13,529,531	16,048,780	16,039,898	15,753,552	15,761,752	10,746,531
Intergovernmental	19,376,691	21,107,828	16,565,469	14,230,951	19,189,288	41,093,126	31,958,565	27,649,446	17,446,057	30,551,634
Charges for services	10,214,631	3,852,911	6,956,702	7,655,072	7,640,117	7,476,404	8,172,727	10,927,789	12,292,964	12,647,769
Rents & leases	1,395,175	2,111,845	3,960,075	5,544,185	2,948,474	3,190,274	3,985,054	4,380,278	4,909,518	4,856,424
Interest	10,228,765	4,898,871	3,148,635	4,478,882	7,979,609	13,272,632	21,775,230	13,935,715	10,207,446	2,611,739
Fines and forfeitures	1,745,578	3,172,906	2,701,470	2,255,900	2,883,403	2,677,439	1,937,689	3,236,217	2,627,410	3,419,409
Administrative fees	7,672,896	8,143,990	8,143,990	8,862,655	8,951,878	8,426,624	8,507,845	8,407,423	8,407,571	8,827,372
Impact fees	2,221,758	872,609	2,810,245	1,434,137	1,741,871	2,759,185	6,065,876	5,746,024	1,448,689	1,211,002
Other revenues	4,628,519	7,343,219	7,048,191	6,370,275	7,345,828	6,361,005	6,436,782	7,732,073	6,945,247	8,794,231
Total revenues	196,567,663	198,475,470	216,941,377	227,608,772	249,083,838	307,631,694	354,220,928	348,920,465	329,331,763	325,486,427
Expenditures										
General government	24,220,165	23,347,222	24,825,487	28,139,386	26,144,200	40,892,104	45,043,039	41,599,216	41,509,515	40,436,067
Public safety	73,861,795	80,517,633	89,038,942	97,018,702	108,222,980	119,027,153	130,158,943	145,980,228	147,543,192	153,278,244
Physical environment	2,102,658	1,947,904	2,502,004	1,905,956	2,529,500	2,936,530	2,420,347	1,650,073	2,156,520	2,435,047
Transportation	5,881,028	5,884,156	6,032,825	5,463,443	7,300,392	5,029,124	6,109,025	6,952,067	5,503,295	6,236,431
Economic environment	23,147,260	23,481,387	24,528,718	14,164,911	10,635,422	4,963,596	22,741,500	4,891,342	4,487,831	13,103,994
Human services	1,471,135	1,444,552	1,513,389	1,428,008	2,299,429	1,853,781	1,435,428	1,694,566	1,573,533	1,673,702
Culture and recreation	22,085,980	24,816,696	27,410,140	30,309,135	31,845,348	37,984,917	36,137,323	37,279,978	38,647,808	38,637,014
Capital Outlay	7,949,884	25,237,295	21,982,379	21,825,113	22,776,313	24,312,333	39,871,622	72,996,719	72,042,408	55,060,144
Debt service										
Principal	45,259,400	12,750,863	15,050,118	13,135,827	13,832,993	13,883,995	12,342,289	12,381,548	12,623,520	15,227,706
Interest	16,143,147	16,315,401	15,916,328	17,468,552	20,036,401	12,314,686	13,371,990	12,314,392	11,734,519	11,077,047
Total expenditures	222,122,452	215,743,109	228,800,330	230,859,033	245,622,978	263,198,219	309,631,506	337,740,129	337,822,141	337,165,396
Excess of revenue over (under) expenditures	(25,554,789)	(17,267,639)	(11,858,953)	(3,250,261)	3,460,860	44,433,475	44,589,422	11,180,336	(8,490,378)	(11,678,969)
Other Financing Sources (Uses)										
Refunding Bond Issued					135,726,047					
Payment to refunding bond escrow agent					(137,712,609)					
Transfer to escrow agent							(3,060,000)			
Proceeds of debt issuance	47,240,342		62,465,000							
Proceeds from loan			1,042,000		2,957,930					13,279,659
Sale of assets		448,005			1,844,513	34,183	24,592	12,127	5,421	4,478
Proceeds from sale of land and building					39,898,102					
Transfers in	71,749,238	44,804,824	60,360,472	58,686,788	66,683,853	142,081,583	120,015,032	97,778,854	80,562,562	71,821,958
Transfers out	(70,014,879)	(43,398,768)	(55,858,054)	(57,109,847)	(64,165,287)	(144,440,066)	(126,086,793)	(98,559,226)	(81,247,765)	(75,070,671)
Total other financing sources (uses)	48,974,701	1,854,061	68,009,418	1,576,941	45,232,549	(2,324,300)	(9,107,169)	(768,245)	(679,782)	10,035,424
Net change in fund balances	\$ 23,419,912	\$ (15,413,578)	\$ 56,150,465	\$ (1,673,320)	\$ 48,693,409	\$ 42,109,175	\$ 35,482,253	\$ 10,412,091	\$ (9,170,160)	\$ (1,643,545)
Debt service as a percentage of noncapital expenditures	40.19%	18.00%	17.61%	17.15%	17.92%	12.32%	10.54%	10.29%	10.09%	10.28%

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

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2001 ^A	\$	\$	\$	\$	\$	\$	8.555
2002 ^A							8.376
2003 ^A							8.322
2004	12,131,669	2,366,866	214,344	1,562,860	1,405,322	14,870,417	8.173
2005	13,757,424	3,266,081	44,880	1,612,480	1,327,774	17,353,091	8.173
2006	17,465,682	4,337,034	51,091	2,508,681	1,764,463	22,598,025	8.073
2007	21,045,428	4,779,204	52,250	2,767,838	2,000,993	26,643,727	7.673
2008	21,027,850	5,290,322	51,426	2,795,713	2,008,285	27,157,026	5.898
2009	18,911,637	5,265,399	51,025	2,528,317	1,703,041	25,053,337	5.893
2010	16,794,033	5,735,610	35,601	1,512,322	1,668,428	22,409,138	5.913

Source: 2010 Tax Roll for Miami-Dade County

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

^{A:} Data not available in individual property categories for this year.

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

Fiscal Year Ended September 30,	City of Miami Beach Direct Rates			Overlapping Rates ^A			Total
	Operating Millage	Debt Service Millage	Total Direct Millage	School District Millage	County Millage	State Millage	
2001	7.399	1.156	8.555	9.617	6.754	0.738	25.664
2002	7.299	1.077	8.376	9.376	6.716	0.736	25.204
2003	7.299	1.023	8.322	9.252	6.765	0.736	25.075
2004	7.299	0.874	8.173	9.100	7.240	0.736	25.249
2005	7.425	0.748	8.173	8.687	7.150	0.736	24.746
2006	7.481	0.592	8.073	8.438	7.035	0.736	24.281
2007	7.374	0.299	7.673	8.105	6.808	0.736	23.322
2008	5.656	0.242	5.898	7.948	5.671	0.659	20.175
2009	5.656	0.238	5.893	7.797	5.926	0.659	20.275
2010	5.656	0.257	5.913	7.995	6.005	0.659	20.572

Source: Miami-Dade County, Florida; Department of Property Appraisal
2010 Millage Table

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

^{A:} Overlapping rates are those of local and county governments that apply to owners within the City of Miami Beach. Not all overlapping rates apply to all Miami Beach property owners.

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

2010			2000		
Taxpayer	Taxable Assessed Value	Percentage of The City's Certified Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of The City's Certified Taxable Assessed Value
MB Redev. Inc./Loews Hotel	\$ 280,000,000	1.13 %	Hotelerama Assoc., Ltd.	\$ 88,051,861	1.15 %
MCZ/ Centrum Flamingo III LLC	172,183,094	0.70	Nine Island Condo	46,408,920	0.61
Fountainbleau Florida Hotel LLC	136,229,487	0.55	Morton Tower Apts. P	44,750,000	0.58
Di Lido Beach Hotel Corp.	130,000,000	0.53	Roney Plaza Associates Ltd	41,000,000	0.54
MCZ/ Centrum Flamingo II LLC	93,000,000	0.38	South Beach Ocean Parcel Ltd.	36,610,430	0.48
Philips South Beach LLC	83,435,043	0.34	Tower Forty One Condo	36,221,820	0.47
Sandy Lane Residential LLC	79,519,415	0.32	Gumenick Family Inv. No. 1 Ltd.	34,670,643	0.45
Royal Palm Hotel Prop LLC	79,385,373	0.32	Maison Grande Condo	32,488,730	0.42
City National Bank of Florida	78,252,750	0.32	IHC/Miami Beach Corp.	31,973,391	0.42
2201 Collins Fee LLC	68,727,288	0.28	Club Atlantis Condo	29,370,670	0.38
	<u>\$ 1,200,732,450</u>	<u>4.87 %</u>		<u>\$ 421,546,465</u>	<u>5.50 %</u>

Source: 2010 and 2000 Miami-Dade County, Florida Ad Valorem Assessment Roll for the City of Miami Beach.

**CITY OF MIAMI BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS,
FISCAL YEARS 2000 THRU 2009**

Tax Year (1)	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	67,851,578	68,603,879	(2) 101.1	(2) N/A	N/A	N/A
2001	74,551,384	75,205,177	(2) 100.9	(2) N/A	N/A	N/A
2002	83,590,412	80,460,485	96.3	3,104,185	83,564,670	100.0
2003	93,492,337	90,447,232	96.7	2,896,901	93,344,133	99.8
2004	109,298,076	107,543,916	98.4	1,553,072	109,096,988	99.8
2005	133,573,759	131,074,911	98.1	2,199,715	133,274,626	99.8
2006	164,807,822	161,325,469	97.9	3,197,657	164,523,126	99.8
2007	146,418,406	143,531,846	98.0	2,708,274	146,240,120	99.9
2008	144,907,833	139,669,839	96.4	4,510,696	144,180,535	99.5
2009	129,758,839	123,107,891	94.9		123,107,891	94.9

Source: City of Miami Beach Certification of Taxable Value.

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

N/A - Information not available

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

Governmental Activities											
Fiscal Year	General Obligation Bonds	Resort Tax Revenue Bonds ^F	Gulf Breeze Government Loan Program	Sunshine State Loan Program ^H	Pension Obligation Bonds	Redevelopment Agency Tax Increment Revenue Bonds	Loans Payable ^A	Other Obligations	Total Governmental Activities		
2001	\$ 50,985	\$ 3,685	\$ 47,145	\$ 6,678	\$ 48,485	\$ 103,510		\$ 3,281	\$ 263,769		
2002	43,810	3,590	39,002	6,265	46,765	100,830	1,125	3,317	244,704		
2003	98,990	3,495	37,196	5,835	44,905	97,960	940	3,655	292,976		
2004	93,475	3,395	35,316	5,390	43,525	94,890	11,629	2,909	290,529		
2005	87,500	3,290	33,357	4,930	53,030	97,300	12,295	4,089	295,791		
2006	81,440	3,180	31,320	4,455	50,650	95,300	12,905	3,266	282,516		
2007	78,620		29,185	3,965	48,175	91,645	10,617	2,619	264,826		
2008	76,085		30,417	3,455	45,590	87,785	11,559	1,951	256,842		
2009	73,580		24,650	2,930	42,885	83,740	10,528	1,260	239,573		
2010	70,985		22,243		40,055	79,485	8,949	15,435 ^G	237,152		
			Business-type activities					Total			
Fiscal Year	Storm Water Revenue Bonds ^C	Water and Sewer Revenue Bonds	Parking Revenue Bonds/Loan	Loan Payable ^A	Capital Leases ^D	Total Business Activities	Total Primary Government	Percentage of Personal Income	Per Capita		
2001	\$ 52,170	\$ 101,160	\$ 27,820		\$ 1,866	\$ 183,016	\$ 446,785	B	\$ 5.08		
2002	50,712	97,455	34,396	883	1,320	184,766	429,470	18.44 %	4.87		
2003	49,864	95,055	33,166	751	795	179,631	472,607	19.57 %	5.31		
2004	48,976	95,531	31,879	622	240	177,248	467,777	18.46 %	5.15		
2005	48,049	89,876	30,537	561		169,023	464,814	17.03 %	5.08		
2006	47,076	113,839 ^E	29,132	495		190,542	473,058	15.79 %	5.06		
2007	46,130	110,610	27,769	345		184,854	449,680	14.48 %	4.88		
2008	45,075	107,154	26,241	1,035		179,505	436,347	12.90 %	4.66		
2009	43,970	103,439	24,639	1,133		173,181	412,754	12.23 %	4.39		
2010	42,645	129,437	22,960	1,220		196,262	433,414	B	4.67		

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

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

A Loan began in fiscal year 2002

B Data not available

C Bond was issued in fiscal year 2000

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

E New debt issued during fiscal year 2006

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

G In 2010 an equipment lease purchase financing agreement was entered into

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

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

Fiscal Year	General Bonded Debt						Percentage of Actual Taxable Value of Property ^A		Per Capita
	General Obligation Bonds	Redevelopment Bonds	Gulf Breeze Fixed Rate Bonds	Pension Refunding Bonds	Sunshine State VRDS ^B	Total			
2001	\$ 50,985	\$ 103,510	\$ 47,145	\$ 48,485	\$ 6,678	\$ 256,803	3.12	%	\$ 2.92
2002	43,810	100,830	39,002	46,765	6,265	236,672	2.57		2.68
2003	98,990	97,960	37,196	44,905	5,835	284,886	2.74		3.20
2004	93,475	94,890	35,316	43,525	5,390	272,596	2.30		3.00
2005	87,500	97,300	33,356	53,030	4,930	276,116	1.99		3.02
2006	81,440	95,300	31,320	50,650	4,455	263,165	1.53		2.81
2007	78,620	91,645	29,185	48,175	3,965	251,590	1.13		2.73
2008	76,085	87,785	26,962	45,590	3,455	239,877	0.92		2.56
2009	73,580	83,740	24,651	42,885	2,930	227,786	0.88		2.42
2010	70,985	79,485	22,243	40,055	-	212,768	0.92		2.29

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

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

^B: The 1994 Sunshine State VRDS bonds were paid off in fiscal year 2010

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

	Fiscal Year				
	2001	2002	2003	2004	2005
Debt limit	\$ 1,232,832,050	\$ 1,383,512,145	\$ 1,561,322,746	\$ 1,778,109,377	\$ 2,078,715,000
Total net debt applicable to limit	<u>1,256,416</u>	<u>30,975,211</u>	<u>87,161,948</u>	<u>82,062,643</u>	<u>86,269,623</u>
Legal Debt margin	<u>\$ 1,231,575,634</u>	<u>\$ 1,352,536,934</u>	<u>\$ 1,474,160,798</u>	<u>\$ 1,696,046,734</u>	<u>\$ 1,992,445,377</u>
Total net debt applicable to the limit as a percentage of debt limit	0.10%	2.24%	5.58%	4.62%	4.15%
	Fiscal Year				
	2006	2007	2008	2009	2010
Debt limit	\$ 2,584,651,615	\$ 3,338,693,748	\$ 3,920,416,339	\$ 3,882,603,724	\$ 3,465,358,138
Total net debt applicable to limit	<u>80,348,515</u>	<u>77,595,559</u>	<u>75,105,405</u>	<u>72,702,497</u>	<u>70,195,935</u>
Legal Debt margin	<u>\$ 2,504,303,100</u>	<u>\$ 3,261,098,189</u>	<u>\$ 3,845,310,934</u>	<u>\$ 3,809,901,227</u>	<u>\$ 3,395,162,203</u>
Total net debt applicable to the limit as a percentage of debt limit	3.11%	2.32%	1.92%	1.87%	2.03%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$ 23,102,387,589
Debt limit (15% of assessed value)	3,465,358,138
Debt applicable to limit:	
General obligation bonds	70,985,000
Less: Amount set aside for repayment of general obligation debt	<u>789,065</u>
Total net debt applicable to limit	<u>70,195,935</u>
Legal debt margin	<u>\$ 3,395,162,203</u>

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

Fiscal Year	Revenue	Less:		Net available Revenue	Debt Service		Coverage
		Operating Expenses			Principal	Interest	
Parking Revenue Bonds							
2001	\$ 22,208,213	\$ 7,660,378	\$	\$ 14,547,835	\$ 765,000	\$ 1,412,526	6.68
2002	22,848,169	9,793,404		13,054,765	800,000	1,380,962	5.99
2003	23,342,582	11,161,339		12,181,243	1,268,988	1,681,861	4.13
2004	24,572,613	11,453,816		13,118,797	1,325,314	1,645,286	4.42
2005	29,449,732	14,191,842		15,257,890	1,380,268	1,586,530	5.14
2006	26,059,130	15,441,789		10,617,341	1,443,400	1,524,259	3.58
2007	31,570,712	17,740,936		13,829,776	1,510,176	1,458,821	4.66
2008	31,416,685	19,612,035		11,804,650	1,576,944	1,390,054	3.98
2009	33,478,489	19,908,198		13,570,291	1,648,712	1,318,222	4.57
2010	35,448,502	20,579,374		14,869,128	1,727,294	1,240,684	5.01

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

Water & Sewer Revenue Bonds

2001	\$ 48,275,631	\$ 31,758,568	\$	\$ 16,517,063	\$ 2,265,000	\$ 5,652,704	2.09
2002	47,321,117	33,537,736		13,783,381	2,370,000	5,416,700	1.77
2003	47,969,148	32,658,124		15,311,024	2,480,000	5,304,122	1.97
2004	48,726,532	32,783,429		15,943,103	2,605,000	5,183,223	2.05
2005	54,104,716	35,626,830		18,477,886	2,735,000	5,052,972	2.37
2006	50,313,742	35,398,721		14,915,021	A	4,148,258	3.60
2007	51,181,355	36,816,705		14,364,650	3,285,000	5,466,855	1.64
2008	54,366,038	37,618,570		16,747,468	3,480,000	5,331,556	1.90
2009	64,360,255	38,982,808		25,377,447	3,740,000	5,187,155	2.84
2010	69,632,326	45,831,721		23,800,605	3,775,000	5,036,856	2.70

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

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

Stormwater Revenue Bonds

2002	\$ 7,741,767	\$ 1,299,834	\$	\$ 6,441,933	\$ 835,000	\$ 2,736,421	1.80
2003	10,471,043	1,329,855		9,141,188	870,000	2,698,846	2.56
2004	10,750,958	1,794,927		8,956,031	910,000	2,659,696	2.51
2005	10,966,650	2,251,214		8,715,436	950,000	2,618,747	2.44
2006	9,583,080	1,967,624		7,615,456	995,000	2,575,997	2.13
2007	10,248,168	2,457,949		7,790,219	1,040,000	2,531,221	2.18
2008	8,493,071	3,189,531		5,303,540	1,085,000	2,484,422	1.49
2009	10,129,595	2,875,115		7,254,480	1,135,000	2,434,511	2.03
2010	11,444,244	2,716,689		8,727,555	1,190,000	2,381,166	2.44

Note: Stormwater bonds were issued during fiscal year 2001.

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

Redevelopment Agency Tax Increment Revenue Bonds

2001	\$ 32,505,683	\$ 500,000	\$	\$ 32,005,683	\$ 1,940,000	\$ 7,136,216	3.53
2002	31,945,482	500,000		31,445,482	2,065,000	7,014,235	3.46
2003	36,861,453	500,000		36,361,453	2,195,000	6,882,689	4.01
2004	42,920,951	500,000		42,420,951	2,335,000	6,741,490	4.67
2005	48,671,776	500,000		48,171,776	2,485,000	6,590,163	5.31
2006	58,902,508	500,000		58,402,508	2,000,000	3,686,227	10.27
2007	67,755,835	500,000		67,255,835	3,655,000	4,704,013	8.05
2008	70,596,698	500,000		70,096,698	3,860,000	4,515,554	8.37
2009	70,858,394	500,000		70,358,394	4,045,000	4,329,697	8.40
2010	73,108,937	500,000		72,608,937	4,255,000	4,138,267	8.65

Note: Revenue includes tax increment and resort tax pledged revenues of \$42,293,353 in fiscal year 2010. Operating expenditure is limited to \$500,000.

**CITY OF MIAMI BEACH, FLORIDA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2010**

DIRECT DEBT

General obligation indebtedness		
Public improvement bonds (net of amount available)		\$ 70,195,935
Non-self-supporting indebtedness: (1)		
Gulf Breeze Government Loan Program	22,243,058	
Pension Obligation Bonds	40,055,000	
Tax Increment Revenue Bonds	79,485,000	
	141,783,058	
Less: Reserve funds	7,330,289	
Total non-self-supporting indebtedness		134,452,769
Total direct indebtedness		204,648,704
OVERLAPPING DEBT (2)		
Miami-Dade County		
Total general obligation indebtedness	881,276,000	
Percent applicable to City - 10.4415% (3)		92,018,434
Total school district obligation indebtedness	348,100,000	
Percent applicable to City - 10.4415% (3)		36,346,862
Total net non-self-supporting indebtedness	2,308,901,786	
Percent applicable to City - 10.4415% (3)		241,083,980
Total overlapping debt		369,449,276
TOTAL DIRECT AND OVERLAPPING DEBT		\$ 574,097,980

(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 2010 assessed valuation figures for the City and Dade County.

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

Miami-Dade County

Year	Miami Beach Population	Personal Income (<i>thousands of dollars</i>)	Per Capita Personal Income	Auto Tags	Bank Deposits (Thousands)	Public School Enrollment	Unemployment Rate
2000	87,933	^A	25,626	2,420,074	40,543	350,920	5.3
2001	88,158	60,402	26,414	2,533,220	45,064	359,313	6.9
2002	88,972	62,665	27,147	1,916,980	51,297	366,287	7.7
2003	90,846	64,631	27,891	2,008,064	56,264	365,829	7.8
2004	91,540	68,583	29,817	2,094,012	62,368	422,401	4.7
2005	93,535	75,464	32,025	2,094,012	70,222	427,449	3.7
2006	92,145	80,112	33,712	2,183,782	73,205	428,229	3.3
2007	93,721	85,978	36,081	2,187,394	74,987	431,184	3.1
2008	94,040	88,955	35,887	2,160,963	77,178	429,531	5.8
2009	92,833	^A	^A	2,074,138	^A	427,034	10.7

Source: Florida Statistical Abstract, 2010

^A Data not available

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

Ten Largest Public Employers					
<u>Employer</u>	2010			2000	
	Employees	Rank	Percentage of Total County Employment	Employees	Rank
Miami-Dade County Public Schools	48,571	1	4.37 %	35,469	1
Miami-Dade County	29,000	2	2.61	30,000	2
Federal Government	19,500	3	1.75	18,276	3
Florida State Government	17,100	4	1.54	18,100	4
Jackson Health System	12,571	5	1.13	8,191	5
Florida International University	8,000	6	0.72	2,591	7
Miami-Dade College	6,200	7	0.56	2,345	8
City of Miami	4,309	8	0.39	3,400	6
Homestead Air Force Base	2,700	9	0.24		
VA Medical Center	2,385	10	0.21	2,000	9
City of Miami Beach				1,702	10

Ten Largest Private Employers					
<u>Employer</u>	2010			2000	
	Employees	Rank	Percentage of Total County Employment	Employees	Rank
University of Miami	16,000	1	1.44 %	7,800	3
Baptist Health South Florida	13,376	2	1.20	7,500	4
Publix Super Markets	10,800	3	0.97	4,000	6
American Airlines	9,000	4	0.81	9,000	1
Precision Response Corporation	5,000	5	0.45	8,000	2
Florida Power and Light	3,840	6	0.35	3,823	7
Carnival Cruise Lines	3,500	7	0.31	3,745	8
Winn Dixie Stores	3,400	8	0.31	2,672	10
Bellsouth/AT&T	3,100	9	0.28	4,240	5
Mount Sinai Health Center	3,000	10	0.27	2,868	9

Source: Employer and employees information provided by the Beacon Council. Percentage of total County employment was calculated based on total County employment of 1,111,473 as presented in the 2010 Florida Statistical Abstract.

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

Full-time Equivalent Employees as of September 30

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government:									
Mayor and commission	21	20	20	20	20	20	19	19	19
City manager	14	14	13	13	13	13	11	11	10
Office of communications	2	2	2	2	8	9	8	6	5
Budget and performance improvement	19	18	18	20	20	21	19	19	18
Finance	43	43	43	43	45	46	39	37	37
Information technology	37	37	40	41	44	46	43	40	38
Human resources	19	18	16	17	17	18	16	17	15
Labor relations ^C		2	2	2	2	3	3	-	-
Risk Management	7	6	6	6	6	6	6	6	6
City clerk	20	20	19	19	17	17	16	16	14
Procurement	10	10	9	9	9	10	10	9	9
City attorney	24	24	22	22	22	22	22	20	19
Economic Development and Cultural Arts:									
Real Estate, Housing and Comm. Development ^F	-	-	-	-	-	-	-	-	13
Economic development	9	9	8	8	7	7	6	5	-
Building ^A	56	56	63	63	71	79	79	79	72
Planning	26	26	26	26	28	29	29	26	26
Tourism & cultural development	11	11	12	13	14	13	12	11	11
Bass museum	10	9	8	8	8	8	8	8	8
Operations:									
Neighborhood services ^D	65	68	63	63	65	67	60	56	-
Community Services	-	-	-	-	-	-	-	-	4
Code compliance	-	-	-	-	-	-	-	-	42
Parks & recreation ^B	220	231	186	187	195	205	198	195	182
Public works	35	32	35	37	34	33	39	48	45
Sanitation	109	123	103	114	148	179	177	187	187
Property management	73	66	65	66	71	71	69	66	54
Capital improvement projects	24	24	24	27	31	31	31	32	35
Parking	107	109	106	108	111	116	120	118	117
Sewer	43	43	40	41	42	42	41	38	33
Stormwater	19	22	23	23	25	25	26	25	25
Water	72	72	71	69	69	69	63	59	54
Fleet management	28	28	25	24	24	24	23	21	21
Public safety:									
Police - Officers	381	366	382	385	386	403	396	381	370
Police - Civilians	165	155	146	153	164	166	148	149	140
Fire - Officers	201	205	205	207	208	207	206	203	200
Fire - Civilians	17	18	18	17	23	21	23	27	26
Ocean rescue ^B			77	68	68	76	76	76	76
Total	1,887	1,887	1,896	1,919	2,013	2,102	2,042	2,007	1,927

Source: City of Miami Beach Budget Department

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

^AThe City added additional positions in the building department in 2004 to address the increased volume of permit requests and provide better customer service.

^BBeach patrol was transferred from the Parks & Recreation department to become the Ocean Rescue Division of the Fire department in 2004.

^CLabor Relations was transferred to Human Resources in 2009.

^DNeighborhood Service was dissolved in 2009

^EHousing and Comm Development was part of Neighborhood services in 2009 which merged with Economic development to become Real Estate, Housing and Comm Development

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

Function/Program	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government:									
Mayor and commission									
Ordinances approved	52	55	35	40	36	43	46	39	44
Resolutions approved	660	328	268	268	322	296	251	308	274
City manager									
Responses to resident inquiries/complaints	654	680	650	650	612	692	540	575	545
Better Place Requests Open and Closed	N/A	N/A	10	12	23	21	15	4	10
Budget and performance improvement									
Audits performed	393	367	317	258	254	266	242	272	263
Grants awarded	\$ 6,109,633	\$ 2,529,270	\$ 1,800,000	\$ 1,186,464	\$ 3,410,086	\$ 2,065,480	\$ 2,483,516	\$ 6,934,165	\$ 5,639,593
Finance									
Utility customer accounts	10,750	10,000	10,500	10,500	10,500	10,059	10,043	10,044	10,057
Licenses issued	6,400	6,500	6,600	6,500	7,330	8,000	7,541	8,650	7,748
Lien statements	3,454	3,300	3,150	3,400	3,850	3,942	2,415	2,658	4,076
Annual resort tax accounts	1,265	1,300	1,352	1,375	1,127	1,119	1,054	1,066	1,050
Better Place Requests Open and Closed	N/A	N/A	69	75	93	116	68	12	48
Human resources									
Employees	1,827	1,834	1,845	1,900	1,879	1,870	1,926	1,902	1,869
Hires	260	260	364	328	363	314	195	188	206
Building									
Building and trade permits processed/issued	15,989	20,128	19,093	17,940	18,348	13,943	11,904	11,361	11,039
Certificates	727	788	726	780	622	736	337	383	411
Tourism & cultural development									
Film & print and special events permits	1,640	1,566	1,700	1,583	1,280	1,563	1,232	966	950
Bass Museum Visitors	19,000	22,000	50,000	36,749	19,211	25,210	30,071	26,414	29,642
Theater Events (Byron/Colony)	305	299	240	149	255	380	267	225	223
Operations:									
Parking									
Residential Parking Permits	N/A	24,377	25,471	26,161	26,837	26,437	28,131	11,557	11,830
Municipal Parking Permits	N/A	42,392	41,108	42,234	47,722	48,964	48,660	41,651	53,502
Total Vehicle Entries - Garages	N/A	N/A	2,474,296	2,729,258	2,711,193	2,815,672	2,363,600	2,254,119	2,311,264
Better Place Requests Open and Closed	N/A	N/A	245	284	260	435	218		
Parks & recreation									
Summer Camp	2,340	2,819	2,114	2,241	2,515	2,587	2,317	2,758	2,398
After and Play School Participants	2,558	3,371	2,650	2,410	2,400	882	2,810	2,680	3,217
Athletics	1,051	1,018	940	1,020	1,253	1,442	2,835	2,656	2,079
Pool Attendance	28,000	65,437	66,000	79,135	119,800	161,176	145,337	141,524	160,456
Golf course patrons [^]	N/A	30,655	37,152	42,923	44,252	44,078	42,850	66,358	73,447
Public Works-Engineering/Water/Sewer/Streets									
Right-of-Way permits issued	794	890	1,100	900	N/A	1,092	899	935	868
Cleaning and inspection of sewer lines	733,300	710,000	100,000	800,000	1,217,202	1,182,000	703,294	778,937	N/A
Storm sewers cleaned	137,000	140,000	140,000	140,000	233,000	88,000	59,000	78,279	N/A
Deteriorated storm sewers replaced	266	275	275	200	80	15	640	N/A	N/A
New-metered service taps and installations	650	700	600	550	196	113	400	207	N/A
Roads and alleys repaved (linear feet)	3,232	16,000	8,000	12,000	7,000	11,100	36,000	N/A	N/A
Sidewalk relpaced (square feet)	37,000	30,000	40,000	30,000	38,000	63,000	44,000	46,889	N/A
Better Place Requests Open and Closed	N/A	N/A	3,049	2,626	1,854	1,787	2,732	2,908	2,636
Sanitation									
Residential Waste (tons per month)	N/A	18,500	19,650	15,970	15,708	15,500	14,882	13,354	12,980
Litter Cans	N/A	1,316	2,000	2,050	2,095	2,335	2,335	2,735	2,735
Mechanized Sweeping (miles per day)	N/A	4	11	15	15	15	15	20	20
Mobile Sweeping (miles per day)	N/A	156	156	156	156	156	156	156	156
Fleet Management									
Fuel consumed - diesel and unleaded (gallons)	751,000	802,306	810,000	825,000	777,827	820,913	866,571	890,529	903,675
Preventive maintenance jobs	2,361	2,642	2,868	2,876	2,699	2,932	2,911	3,160	3,053
Police									
Total number of arrests	8,697	9,684	10,290	10,185	12,887	14,954	13,804	13,338	10,801
Traffic Violations	25,316	25,742	44,174	45,524	58,615	52,976	49,389	44,521	39,586
Better Place Requests Open and Closed	N/A	N/A	50	67	143	96	67	73	28
Fire									
Emergency responses	14,730	13,406	13,000	14,700	13,532	16,794	22,640	25,015	20,356
Exsisting building inspections	N/A	N/A	N/A	N/A	N/A	N/A	2,292	978	1500
Night club inspections	N/A	N/A	N/A	N/A	N/A	N/A	3,184	2769	3198
Site inspections	N/A	N/A	N/A	N/A	N/A	N/A	4,932	4953	3672
On duty inspections	N/A	N/A	N/A	N/A	N/A	N/A	1,984	1856	1793
Ocean rescue - victims rescued	518	895	900	281	313	680	506	579	645
Ocean recue prevention	147,409	159,280	160,000	280,104	365,103	447,251	455,757	349,882	320,858
Better Place Requests Open and Closed	N/A	N/A	144	189	182	149	137	115	50

N/A - Information not available

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

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

[^] The City opened a second golf course which was operational for 9 months during the

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

Function/Program	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police									
Stations	1	1	1	1	1	1	1	1	1
Zone offices	3	3	4	4	4	4	4	4	4
Patrol units	340	415	440	440	440	440	440	440	486
Fire stations	4	4	4	4	4	4	4	4	4
Water									
Water mains (miles)	180	180	180	180	180	180	180	180	180
Water valves	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Fire hydrants	1,003	1,003	1,006	1,006	1,009	1,009	1,009	1,009	1,009
Fire lines	700	708	710	712	717	717	717	717	717
Meters	12,557	12,300	12,350	12,424	12,460	12,460	12,460	12,460	12,460
Water pumping stations	5	5	5	5	5	5	5	5	5
Storage capacity (thousands of gallons)	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Stormwater									
Stormwater pipes (miles)	59	59	59	59	59	59	59	59	59
Drainage basins	172	172	172	172	172	172	172	172	172
Stormwater catch basins	6,000	6,000	6,000	6,000	5,000	6,000	6,000	6,000	6,000
Manholes	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161	2,161
Sewer									
Sanitary gravity sewer pipes (miles)	144	144	144	144	152	152	152	152	152
Force main pipes (miles)	21	21	21	21	21	21	21	21	21
Manholes	3,293	3,293	3,293	3,293	3,293	3,293	3,293	3,293	3,293
Wastewater pump stations	23	23	23	23	23	23	23	23	23
Other public works									
Streets (miles)	140	140	140	140	140	140	140	140	140
Sidewalks (miles)	242	242	242	242	242	242	242	242	242
Curb and gutter (miles)	200	200	200	200	200	200	200	200	200
Alleys (miles)	33	33	33	33	33	33	33	33	33
Seawalls (linear feet)	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300
Streetlights	5,800	5,810	5,817	5,850	5,900	6,000	6,200	6,200	6,893
Street lights cable (miles)	250	251	252	260	265	265	265	265	263
Parking									
Parking Lots & Garages	66	66	68	68	68	68	68	70	75
Parking Spaces	8,451	8,451	8,496	8,496	8,333	8,300	8,404	8,900	9,560
Parks and recreation									
Recreational open space (acres)	727	727	727	727	727	727	727	727	727
Playground tot-lots	14	14	14	14	14	15	15	19	15
Stadiums	2	2	2	2	2	2	2	2	2
Sports fields	7	7	7	7	7	7	7	7	7
Tennis sites	6	6	6	6	6	6	6	6	6
Basketball court sites	9	9	9	9	15	15	15	15	15
Ice Rink	1	1	1	1	1	1	1	1	1
Pools	3	3	3	3	3	3	3	3	3
Youth/Community centers	3	3	3	3	3	3	3	3	3
Bark parks	2	2	2	2	2	3	3	4	3
Parks - passive and staffed	28	28	28	37	25	26	26	26	26
Municipal regulation golf courses	2	2	2	2	2	2	2	2	2
Trucks, off-road, and other vehicles	63	65	67	67	84	93	98	98	97
Sanitation									
Sweepers	12	12	16	17	21	13	9	9	6
Front end loader	1	1	1	1	2	3	3	3	-
Trucks, Vans, and other vehicles	22	22	31	32	60	81	74	83	79
Pressure washers			5	8	10	11	9	9	9
Transit-minibuses	11	10	10	10	4	4	4	4	-

Source: Various City of Miami Beach departments.

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

