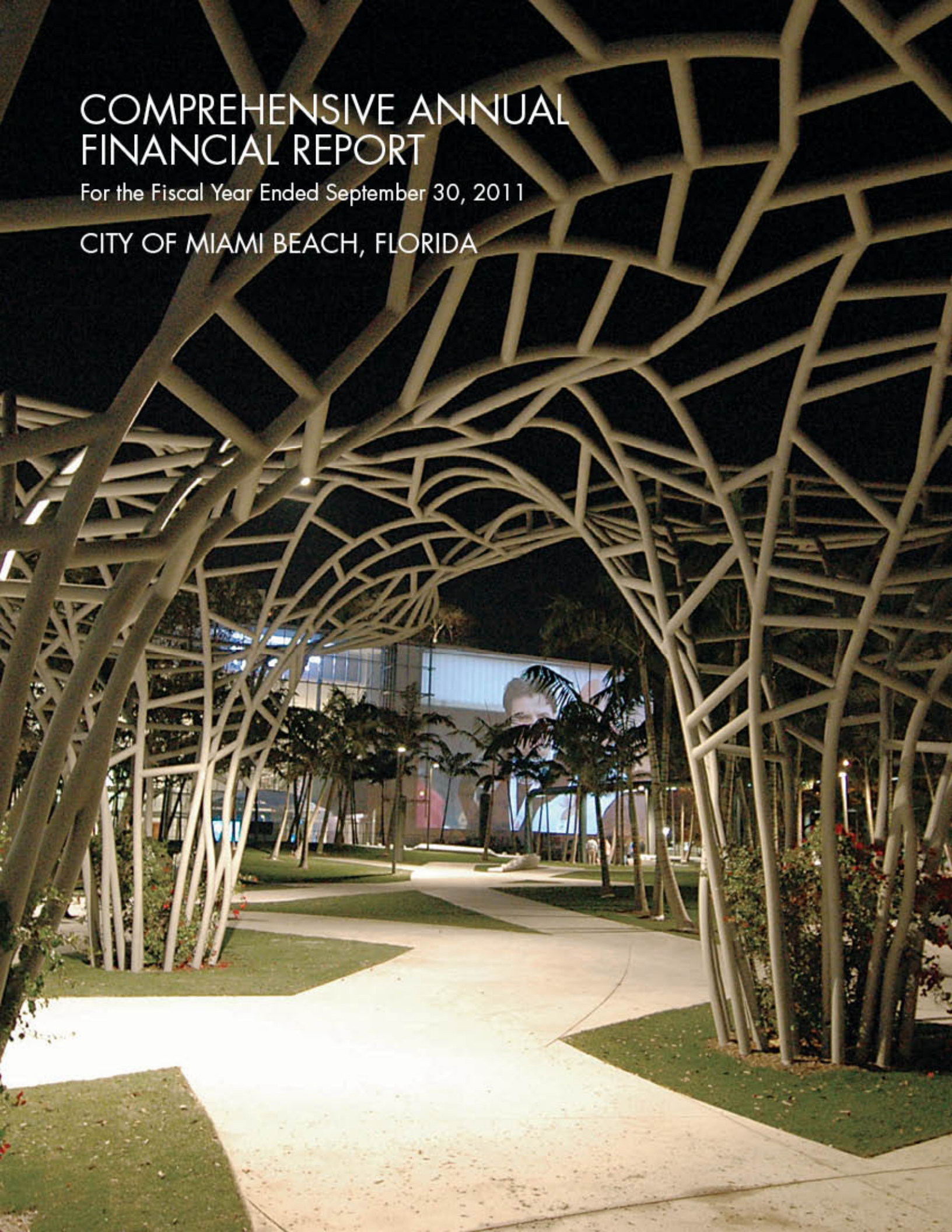


COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2011

CITY OF MIAMI BEACH, FLORIDA



City of Miami Beach, Florida

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2011

Jorge M. Gonzalez
City Manager

Patricia D. Walker
Chief Financial Officer

Report prepared by: Finance Department

**City of Miami Beach, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2011**

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INTRODUCTORY SECTION



MIAMI BEACH

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

March 30, 2012

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, 2011.

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, 2011, 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, Other Post Employment Benefits (OPEB) trust, the Miami Beach Health Facilities Authority, and the Miami Beach Redevelopment Agency (the "Agency").

The annual budget serves as the foundation for the City's financial planning and control. Prior to the first public hearing required by state law, the City Commission is presented with a proposed budget. The proposed budget includes anticipated expenditures and the means of funding them. After Commission review and public hearings, the budget is adopted. The budget is approved by fund and department. Management may transfer amounts between line items within a department as long as the transfer does not result in an increase in the department 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 \$2 billion in direct tourist spending on hotel, food, and beverage, and also a large portion of the City's \$1 billion 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 20.5% from 2010 to 2011. When compared to an increase of only 11% for hotel rooms throughout the rest of Miami-Dade County (excluding Miami Beach), the 20.5% increase demonstrates the continued strength of the Miami Beach lodging market, and its role as the key driver of tourism in South Florida. During 2011, hotel room occupancy was 75.4%, up from 68.1% in 2010, reflecting continued absorption of an inventory of hotel rooms that has increased significantly from 13,506 at the beginning of 2008 to 16,572 at the end of 2011. 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 2011.

Moreover, the overall economy of the City remained stable, with an estimated gross City product of \$7.1 billion. From the second quarter of 2008 to the second quarter of 2011, there was a 12.5% increase of employment from 43,138 jobs to 49,268 jobs. The City's unemployment rate ended 2011 at 9.5% below comparable geographies, such as 13% for the Metropolitan Statistical Area, and 10.6% 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 2011, the world's most prestigious art fair, based in Basel, Switzerland, held its ninth 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, and 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.

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 second 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, Sapient, 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 2011. 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 1,683 in December 2011. The average number of days that units were on the market also declined, from 172 in January 2008, to 121 in December 2011, and the number of months supply declined from 38 months to 9.5 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 estimated at 3.75% per year. The project payback time of just slightly over thirteen (13) years. The Domestic Water Conservation citywide project and the Geothermal Cooling Police Station project has been completed. The remaining ECM projects are the Facility Lighting and Lighting Controls Upgrades city wide, the HVAC Controls in various city facilities, the Geothermal District Cooling plant and the Power Transformer Replacement. All ECMs are scheduled to be completed by the end of fiscal year 2012. 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 includes single-stream (comingled) 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 levels.

More Beautiful and Vibrant; Mature and Stable; Unique Historic and Urban Environment: 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, as well as the renovation of fitness facility at Brittany Bay Park. We also completed the construction of Outdoor Fitness Center at 6th Street and Ocean Drive within Lummus Park and the new multi-faceted playground with safety surfacing and a shade structure at South Pointe Park. Additionally we have begun the construction of the North Beach Dog Park. Of major significance, during the fiscal year, the City completed the construction of the nationally recognized and award winning Soundscape Park and the fiscal year 2012 budget incorporates funding for the maintenance of the newly installed landscaping for South Pointe and for the City Center areas as well as maintenance of the Soundscape Park.

Green Buildings and Infrastructure: 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 Leadership in Energy and Environmental Design (LEED) standards in Miami Beach. LEED is an internationally recognized green building certification system, providing third-party verification that a building or community was designed and built using strategies intended to improve performance in metrics such as energy savings, water efficiency, CO2 emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their green building practices preserve natural resources, reduce green house gas production, and increase indoor air quality and occupant health. The design of the new Property Management Facility will be at minimum LEED Silver Certified by the US Green Building Council. The Project is being designed by Wolfberg Alvarez & Partners and was approved by the Design Review Board in June 7, 2011. Further, the City is testing some new ways to build and maintain infrastructure. This year, the City is incorporating pervious and high albedo (reflective) concrete, cisterns and other energy, water saving features, and LED lighting (light emitting diode lighting which has lower energy consumption, longer lifetime, improved robustness, smaller size, and greater durability and reliability), into 5 test sites including alleys, parking lots, bike paths and parks. Benefits of applying these green features include better visibility and safety, improved groundwater recharge, decreased urban runoff, increased water quality, and decreased heat island effect.

Water Quality/Conservation: As part of the new Stormwater Management Master Plan (SWMMP), the study will consider future climate projections into the planning, engineering design, construction, and operations of the stormwater system. The new SWMMP will create a comprehensive model that will evaluate the existing system to identify areas that are experiencing reduced Levels of Service. The SWMMP will then prioritize problem areas and identify existing and future regional operational and maintenance needs. In addition, the SWMMP will evaluate cost-effective alternatives for improvements to current capital improvement projects and develop environmental applications to meet water quality criteria. The SWMMP will make capital improvement plan projections and provide an outline of available funding options and opportunities, including grants, loans, and/or stormwater utility rate revenues.

Cultural, Entertainment and Tourism Capital and an International Center for Innovation and Business: After lengthy negotiations, in fiscal year 2009, the Board of County Commissioners approved Building Better Communities General Obligation Bond funds for a Master Plan Study for the Miami Beach Convention Center (MBCC) to be developed by Arquitectonica. The Master Plan was completed in fiscal year 2011 and all information has been published online at <http://www.miamibeachfl.gov/news/scroll.aspx?id=58484>. The City continues to pursue various funding options for the master plan and also issued an RFP on May 24, 2011, for a consultant who will conceptualize and recommend ideas and options to maximize the City's resources assets and attract private investments to address identified needs, including but not limited to the expansion and enhancement of the Convention Center, and the potential development of an adjacent Convention Center Hotel. The consultant may also identify potential redevelopment options for public assets in the area surrounding the Convention Center campus to support the Convention Center project.

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. In April 2011, both Standards and Poor's and Moody's reaffirmed the rating of AA and Aa2 respectively. 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, 2011, the general obligation bonded debt of the City totaling \$68.3 million was well below the legal limit of \$3.2 billion. The City's total debt per capita equaled \$5,021 at September 30, 2011.

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 1.15% for the fiscal year ended September 30, 2011. The pension trust funds and Postemployment Benefits Other than Pension (OPEB) trust funds had a yield rate of negative .2 % and 1% 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 \$17.5 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, 2010. This was the twenty-fourth (24) 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.

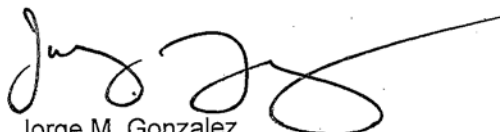
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2010. 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.

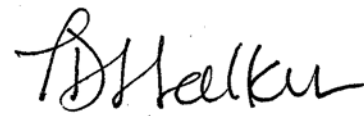
The preparation of the comprehensive annual financial report was made possible by the dedicated work and tireless efforts of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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, 2010

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.



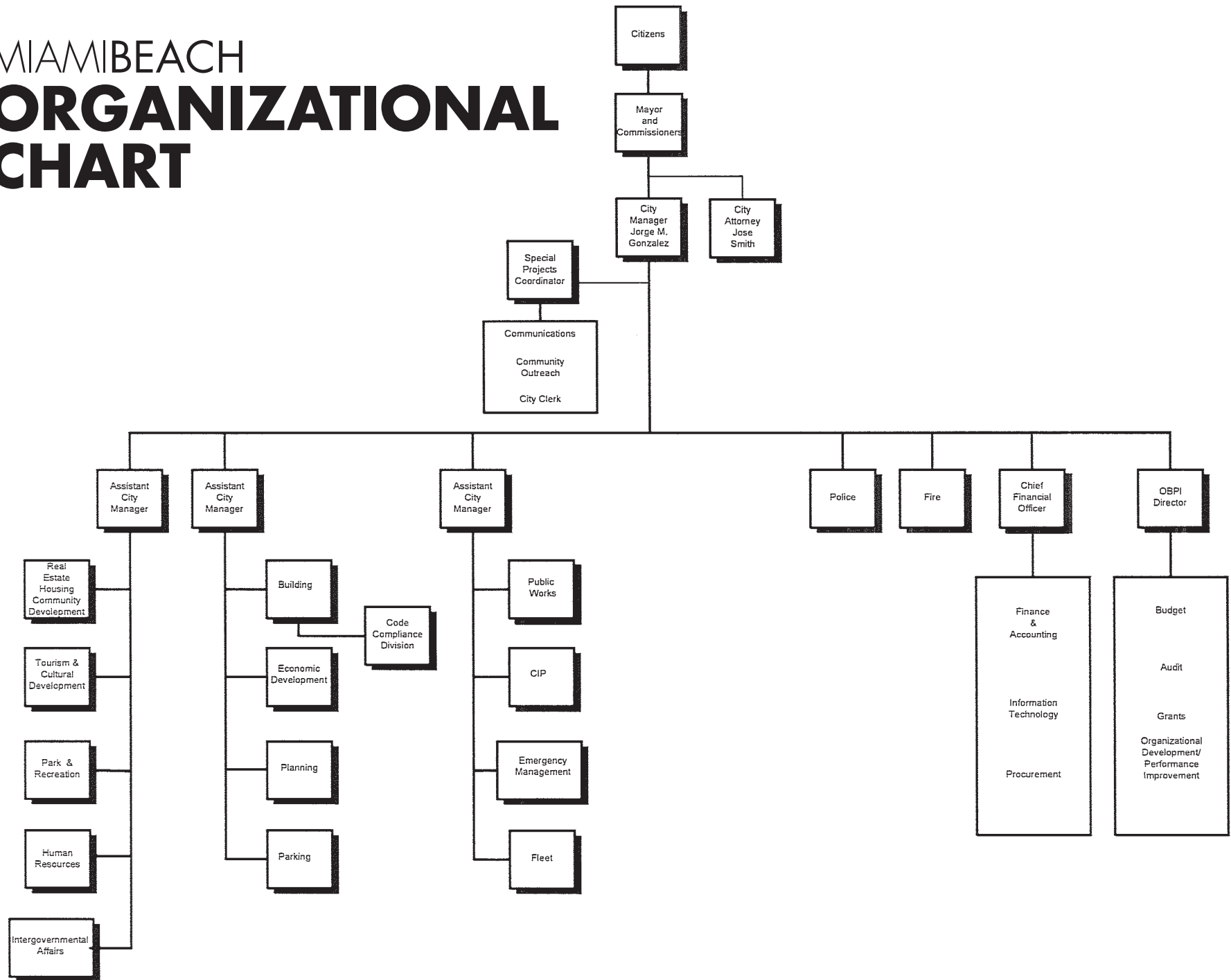
Linda C. Sanison

President

Jeffrey R. Enen

Executive Director

MIAMI BEACH ORGANIZATIONAL CHART



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

September 30, 2011

City Commission

Matti Herrera Bower, Mayor

Edward L. Tobin, Vice-Mayor

Michael Gongora, Commissioner

Jerry Libbin, Commissioner

Jorge Exposito, 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

Duncan Ballantyne, 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, 2011, 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, where 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	84%	29%
Discretely Presented Component Unit	89%	95%
Enterprise Funds	0.5%	9%

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, are 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami Beach, Florida, as of September 30, 2011, 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, 2012 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, 2012

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, 2011. 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, 2011 by \$1.1 billion (net assets). Of this amount, \$781.9 million was invested in capital assets, net of related debt. Additionally, \$102.1 million was restricted by laws, agreements, or debt covenants. The City has unrestricted net assets of \$260.8 million.
- During fiscal year 2011, the City's net assets increased by \$40.7 million. Of this increase, \$.8 million was in governmental activities and the remaining increase of \$39.9 million in business-type activities. For the governmental activities, revenues from charges for services increased by \$8.3 million or 14.8%, operating grants and contributions decreased \$3.8 million or 12.2%, capital grants and contributions decreased \$3.9 million or 47.1% and general revenues decreased by \$4 million or 1.7%, while expenses increased \$23.7 million or 8.2%. For the business-type activities, charges for services increased \$5 million or 4.3%, while expenses increased by \$5.5 million or 4.6% over the prior year.
- The City's assets increased by \$61.5 million or 3.7%. The City's total liabilities had a net increase of \$20.8 million or 3.8% during the year. Long term liabilities increased by \$21.7 million or 4.3 %, while short term liabilities decreased by \$.8 million or 1.9%. The City issued parking revenue bonds during the fiscal year. See footnotes for details.
- At September 30, 2011 the City's governmental fund balance consisted mainly of \$224.6 million in restricted, \$42.9 million in committed, \$47.9 million in assigned and \$.4 million in unassigned fund balance. Enterprise fund's net assets consisted of \$381.3 million in invested in capital assets, net of related debt, \$36.1 million in restricted and \$124.6 million in unrestricted net assets. Internal Service fund's net assets consisted of \$5 million in invested in capital assets net of related debt and \$3.3 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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

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

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

Fund Financial Statements

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

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

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

The City maintains 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

internal service funds to account for its fleet management, property management, central services, risk management self insurance, health self insurance and communications operations. Since these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

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

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

The basic proprietary fund financial statements can be found on pages 34-37 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	
	2010	2011	2010	2011	2010	2011
Current and other assets	\$ 389,620	\$ 382,576	\$ 223,165	\$ 241,751	\$ 612,785	\$ 624,327
Capital assets	536,769	546,205	503,074	543,583	1,039,843	1,089,788
Total assets	<u>926,389</u>	<u>928,781</u>	<u>726,239</u>	<u>785,334</u>	<u>1,652,628</u>	<u>1,714,115</u>
Long-term liabilities						
outstanding	295,492	296,636	208,064	228,594	503,556	525,230
Other liabilities	28,817	29,253	16,109	14,823	44,926	44,076
Total liabilities	<u>324,309</u>	<u>325,889</u>	<u>224,173</u>	<u>243,417</u>	<u>548,482</u>	<u>569,306</u>
Net assets:						
Invested in capital assets,						
net of related debt	375,968	400,587	346,808	381,292	722,776	781,879
Restricted	99,435	66,050	41,033	36,062	140,468	102,112
Unrestricted	126,677	136,255	114,225	124,563	240,902	260,818
Total net assets	<u>\$ 602,080</u>	<u>\$ 602,892</u>	<u>\$ 502,066</u>	<u>\$ 541,917</u>	<u>\$ 1,104,146</u>	<u>\$ 1,144,809</u>

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, 2011, an increase of \$40.7 million or 3.7% from the prior year.

The largest portion of the City's net assets, \$781.9 million or 68.3%, reflects its investment in capital assets (e.g., land, building, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$102.1 million or 8.9% 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 \$260.8 million or 22.8% consists of \$136.2 million from governmental activities and \$124.6 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 \$40.7 million or 3.7% during the current fiscal year. Governmental activities accounted for an increase of \$.8

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

million or 2% while Business-type accounted for \$39.9 million or 98% of the increase.

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

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

	2010	2011
Revenues:		
Program revenues:		
Charges for services	\$ 55,801	\$ 64,080
Operating grants and contributions	30,960	27,185
Capital grants and contributions	8,314	4,401
General revenues:		
Taxes:		
Property taxes, levied for general purposes	114,045	107,849
Property taxes, levied for debt services	5,945	5,600
Resort taxes	42,395	48,774
Tax increment	44,013	46,145
Utility taxes	9,975	10,210
Communication service	6,329	5,859
Local business	4,299	4,243
Miscellaneous	6,653	618
Unrestricted investment earnings	3,103	3,288
Total revenues	<u>331,832</u>	<u>328,252</u>
Expenses:		
General government	44,772	47,706
Public safety	164,903	176,947
Physical environment	2,655	2,884
Transportation	10,230	10,639
Economic environment	12,570	20,505
Human services	1,715	1,462
Culture and recreation	42,088	43,241
Interest on long-term debt	11,295	10,571
Total expenses	<u>290,228</u>	<u>313,955</u>
Increase in net assets before transfers and gain on sale of capital assets	41,604	14,297
Transfers	(14,626)	(13,750)
Gain on sale of capital assets	90	265
Increase in net assets	<u>27,068</u>	<u>812</u>
Net assets - beginning	575,012	602,080
Net assets - ending	<u>\$ 602,080</u>	<u>\$ 602,892</u>

Governmental activities. Governmental activities increased the City's net assets by \$.8 million, thereby

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

accounting for 2% 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 \$95.7 million and general revenues which amounted to \$232.9 million, for a total of \$328.3 million. Property tax revenue for general purposes which represents 32.8% of total revenues was \$107.8 million. This is a decrease of \$6.2 million or 5.4% from the prior year.

Property taxes are levied by the City based on the Miami-Dade County property appraisers determined property values in the City. The Miami-Dade County Property Appraiser determined that certified taxable property values in the City decreased from \$24.7 billion in 2010 to \$22.1 billion in 2011, a decrease of \$2.6 billion. However, the City's operating millage rate remained the same at 5.66 mills.

Charges for service which represents 19.5% of total revenues was \$64.1 million. This amount is an increase of \$8.3 million or 14.8% over the prior year collections. These charges are primarily derived from Parks and Recreation (including Golf Courses) user fees, ambulance fees, off duty services, franchise fees, rents and leases, license, permits, fines, forfeitures and administrative fees from enterprise funds and some forms of intergovernmental revenues.

Tax increment revenue which represents 14% of the revenues was \$46.1 million. This amount is an increase of \$2.1 million or 4.8% from the prior year. Tax increments revenue is computed by applying the operating tax rate for the City and Miami-Dade County, Florida, (the County) multiplied by the increased value of property in the district over the base property value minus 5%. Both the City and the County are required to fund this amount annually without regard to tax collections or other obligations. Fluctuations in tax increment revenue is based on real estate property values City wide.

Resort tax which represents 14.8% of revenues was \$48.8 million which is an increase of \$6.4 million or 15% 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 \$314 million. Significant portions of these expenses were in the public safety, general government and culture and recreation functions. Public safety function expense was \$177 million and represents 56.4% 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 \$12 million or 7.3% over the prior year.

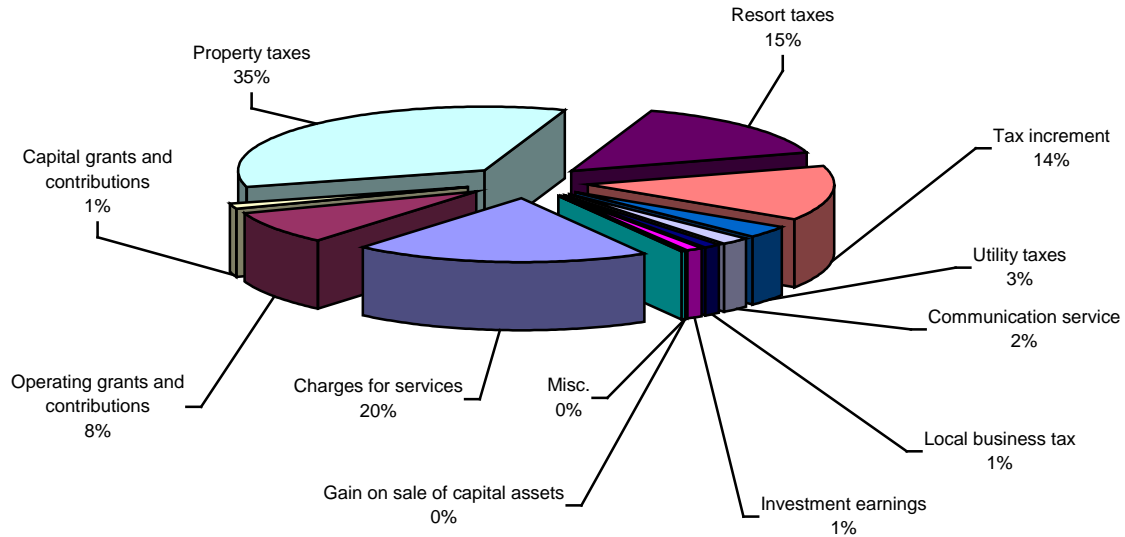
General government function expense was \$47.7 million and represents 15.2% of total expense. The City's general government function includes the City attorney's office, public works department, planning department, capital investment and upkeep office, budget and finance office, office of procurement, city managers office, city clerk's office, human resources office and other special projects. Expenditures in this function increased by \$2.9 million from the prior year.

Culture and recreation function expense was \$43 million or represents 13.8% 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 \$1.2 million or 2.7% from the prior year. Under the Economic Environment function, the City recorded a Grant-in-Aid contribution of \$15 million,

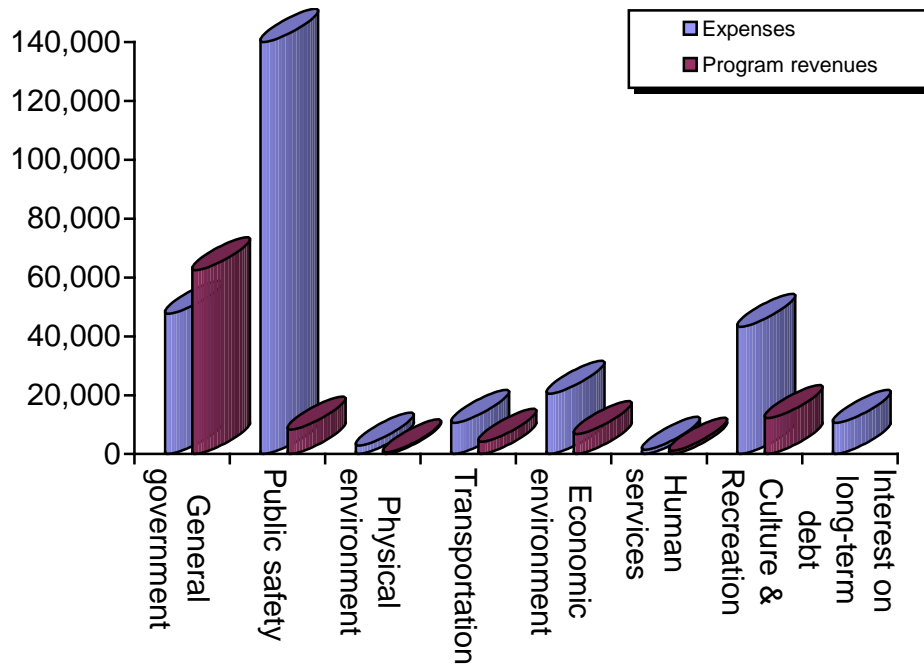
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

made to the New World Symphony Project.

Revenue by Source – Governmental Activities for the year ended September 30, 2011 (in thousands)



Expenses and Program Revenues – Governmental Activities for the year ended September 30, 2011 (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)		
	2010	2011
Revenues:		
Program revenues:		
Charges for services	\$ 126,642	\$ 132,076
Operating grants and contributions	13,882	13,944
Capital grants and contributions		
General revenues:		
Tax increments	2,619	3,071
Unrestricted investment earnings	2,083	1,714
Total revenues	<u>145,226</u>	<u>150,805</u>
Expenses:		
Storm water	4,116	4,831
Water	26,677	28,376
Sewer	28,896	29,548
Parking	26,904	28,674
Convention Center	13,520	14,270
Sanitation	16,784	15,833
Redevelopment Agency's Parking	2,229	3,002
Redevelopment Agency's Leasing	125	245
Total expenses	<u>119,251</u>	<u>124,779</u>
Increase in net assets before transfers and gain (loss) on sale of capital assets	25,975	26,026
Gain (loss) on sale of capital assets	(7)	13,750
Transfers	14,626	75
Increase in net assets	<u>40,594</u>	<u>39,851</u>
Net assets - beginning	461,472	502,066
Net assets - ending	<u>\$ 502,066</u>	<u>\$ 541,917</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Business-type activities. Business-type activities increased the City's net assets by \$39.9 million, thereby accounting for 98% of the total growth in the net assets of the City.

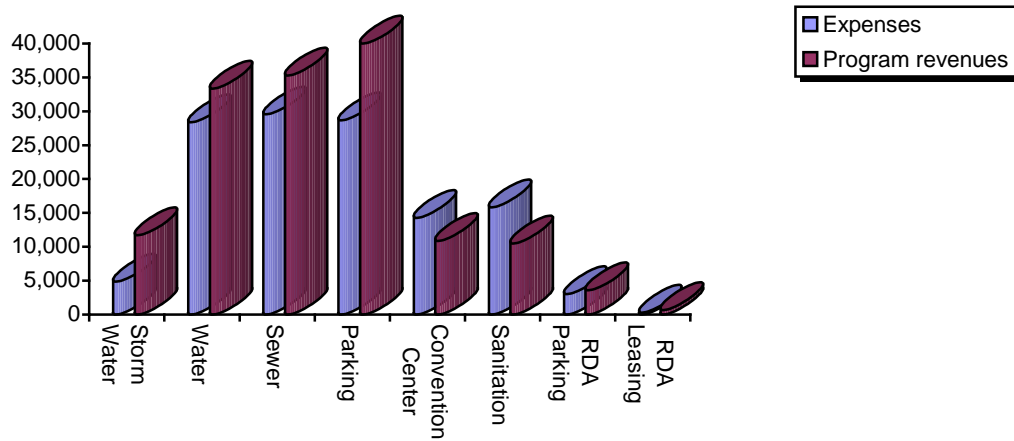
Key elements of the net increase are as follows:

- The Stormwater fund had a change in net assets of \$6.6 million. Operating revenues increased by \$.5 million or 4.2% and operating expenses increased by \$.8 million or 21.5% from the prior year. Net non-operating expenses were \$164,477 and consisted of \$328,761 in interest and fiscal charges, \$99 in gains on disposal of capital assets and \$164,185 in interest income. Fiscal Year 2011 saw no increase in Stormwater rates. Rates were maintained flat at \$9.06 per Equivalent Residential Unit (ERU).
- The Water and Sewer fund had a change in net assets of \$11.9 million. Operating revenues decreased by \$.2 million or .3% and operating expenses increased by \$3.5 million or 6.7% from the prior year. Net non-operating expenses were \$1 million and consisted of \$1.6 million in interest and fiscal charges, \$25,687 in gain on disposal of capital assets and \$620,810 in interest income. Fiscal Year 2011 saw no increase in Water and Sewer rates. Water rates were maintained flat at \$4.36 per 1,000 gallons and Sewer rates were also maintained flat at \$6.04 per 1,000 gallons.
- The Parking System fund had a change in net assets of \$7.7 million. Operating revenues increased by \$5.4 million or 15.4% and operating expenses increased by \$2.3 million or 9.3% from the prior year. Net non-operating expenses were \$.1 million and consisted of \$771,594 million in interest and fiscal charges, \$23,878 in gain on disposal of capital assets and \$643,952 in interest income. At the beginning of the Fiscal Year, the Parking System rates for metered parking, in the South Beach Parking Zone, were increased by \$.25 or 20%, from \$1.25 to \$1.50. The hours of enforcement for this parking zone were also increased until 3 AM. The Parking System also increased rates for metered parking for areas north of the South Beach Parking Zone by \$.50 or 100%, from \$.50 to \$1.00.
- The Convention Center Fund had a change in net assets or loss of \$3.2 million. Operating revenues decreased by \$1.1 million or 9% and operating expenses increased by \$.8 million or 6.1% from the prior year. Net non-operating revenues were \$129,749 and consisted of \$7,046 in gains on disposal of capital assets and \$122,703 in interest income. The Convention Center largest operating expense was depreciation expense on capital assets, which was \$5.6 million in 2011 and \$5 million in 2010. 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, \$3.2 million in 2009 and \$1.8 million in 2010.
- Other Enterprise Funds, which includes the Sanitation, Miami Beach Redevelopment Agency's (RDA) Parking and Leasing funds, had a change in net assets of \$16.9 million. Operating revenues increased by \$1 million or 6% and operating expenses decreased by \$32,134 or .2% from the prior year. Net non-operating revenues were \$164,929 and consisted of \$16,189 in interest and fiscal charges, \$18,655 in gain on disposal of capital assets and \$162,463 in interest income. During the fiscal year, the RDA Leasing fund received \$.7 million and the RDA Parking fund received \$16.1 million in capital contribution from the RDA's capital projects funds for the Pennsylvania Avenue Garage and Shops.

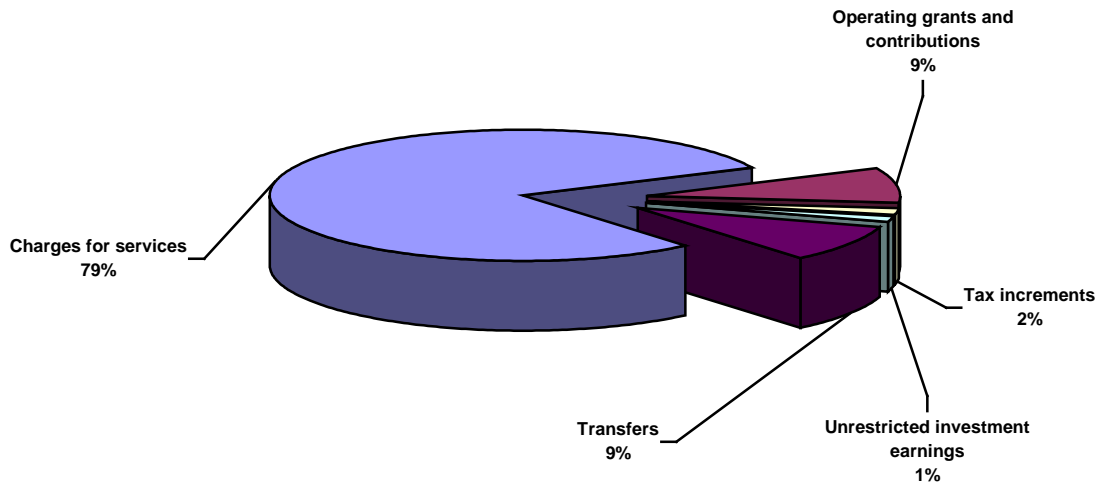
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The following chart shows a comparison of expenses to program revenues for business-type activities for fiscal year 2011:

Expenses and Program Revenues – Business-type Activities
for the year ended September 30, 2011 (in thousands)



Revenue by Source – Business-type Activities
for the year ended September 30, 2011 (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, 2010	\$ 55,159	\$ 8,440	\$ 12,946	\$ 199,635	\$ 47,483	\$ 323,663
Revenues	201,778	49,628	33,310	19,149	27,678	331,543
Expenditures	(224,114)	(8,375)	(23,911)	(44,174)	(42,683)	(343,257)
Other financing sources (uses)	22,953	(39,585)	(5,743)	6,304	20,038	3,967
Fund balances						
Sept. 30, 2011	<u>\$ 55,776</u>	<u>\$ 10,108</u>	<u>\$ 16,602</u>	<u>\$ 180,914</u>	<u>\$ 52,516</u>	<u>\$ 315,916</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 \$55.8 million. This consisted mainly of \$1.8 million in unrealized gains on the City's investments, \$4.7 million restricted for the future funding of the City's building department operations, \$40.5 million for emergencies, \$.3 million in purchase commitments, \$1.1 million in unassigned funds and \$7.4 million assigned by the City Commission future years shortfall.

The general fund's net change in fund balance for the fiscal year was \$616,749. One key factor in this growth was the ability to maintain expenditures under budgeted amounts. Overall revenues had a net increase of \$3.5 million or 1.8% over the prior year. Ad-valorem tax, which is 54.8% of the general fund revenue collected, decreased by \$3.6 million or 3.2%. As mentioned earlier, this is a result of the decreasing property values City wide. There were also increases in Building Permits of \$1.9 million or 17.7% and net increase of administrative fees and other of \$3.4 million or 21.4%. Expenditures in the general fund also increased by \$9 million or 4.2%, primarily in the public safety function. Net other financing sources increased by \$6 million or 35.3% over the prior fiscal year. At the end of the fiscal year, fund balance excluding the nonspendable portion, represents 24.9% 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 \$10.1 million. Resort tax collected during the year was \$48.8 million, an increase of \$6.4 million or 15% from the prior fiscal year. Net other financing uses, which was \$39.6 million increased by \$3.2 million or 8.9% and expenditures increased by \$266,979 or 3.3%. The resort tax fund balance increased by \$1.7 million or 19.8% from the prior fiscal year and represents 121% of total resort

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

tax fund expenditures for the fiscal year.

The Miami Beach Redevelopment Agency (the Agency) Special Revenue Fund accounts for the operations of the Miami Beach Redevelopment Agency, a tax increment district of the City. The Agency was established in 1976 under the provisions of Chapter 163 of the Florida Statutes to spur development and redevelopment in the South Shore and City Center/Historic Convention Village Redevelopment and Revitalization Area of the City. Tax increments collected during the year was \$33.2 million, which is an increase of \$2.3 million or 7.6%, and net other financing uses decreased by \$13.7 million or 70.4% and expenditures increased by \$15.7 million or 191.7%. During the fiscal year, the Agency made a Grant-in-Aid contribution to the New World Symphony project. The fund balance of the Miami Beach Redevelopment Agency Special Revenue Fund increased by \$3.7 million or 28.2% from the prior fiscal year and represents 69% 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 \$3.8 million a decrease of \$2.3 million from the prior fiscal year. Tax increment which was \$13 million also decreased by \$.2 million or 1.6% from the prior fiscal year. Net other financing sources which was \$6.3 million decreased by \$20.9 million or 76.8% from the prior fiscal year. Capital outlay totaled \$44.2 million in the current year. The capital projects fund balance decreased by \$18.8 million or 9.4% from the prior fiscal year and represents 409% 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, and basically remained flat from the prior year. Intergovernmental revenue decreased by \$7.7 million or 48% and net other financing sources which was \$20 million decreased by \$1.6 million or 7.3%. Expenditures in the fund decreased by \$12.5 million or 22.6%. The fund balance increased by \$5 million or 10.6 % from the prior year and represents 123% 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 \$39.9 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. Detailed budget information can be found in the RSI section of this document.

There were variances between the amended budget revenues and actual revenues in most categories, with a net difference of \$5.4 million. The variance is due to the fact that the city appropriated \$5.6 million of revenue as a carry over to FY12 from unused dollars in both 2009 and 2011, to help with balancing the FY12 budget. While this carryover of \$5.6 million is appropriated as revenue and increases the final amended budget of the city for budgetary purposes, it does not represent actual revenue of the city from a financial point of view, resulting in the difference between budget and actual. The budgeted amount for reserves for future expenditures represents encumbrance carryforwards and other amounts carried forward to provide funding in future years, but does not represent a financial expenditure for reporting purposes.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

General Fund Revenues for the fiscal year ended September 30, 2011 (in thousands)

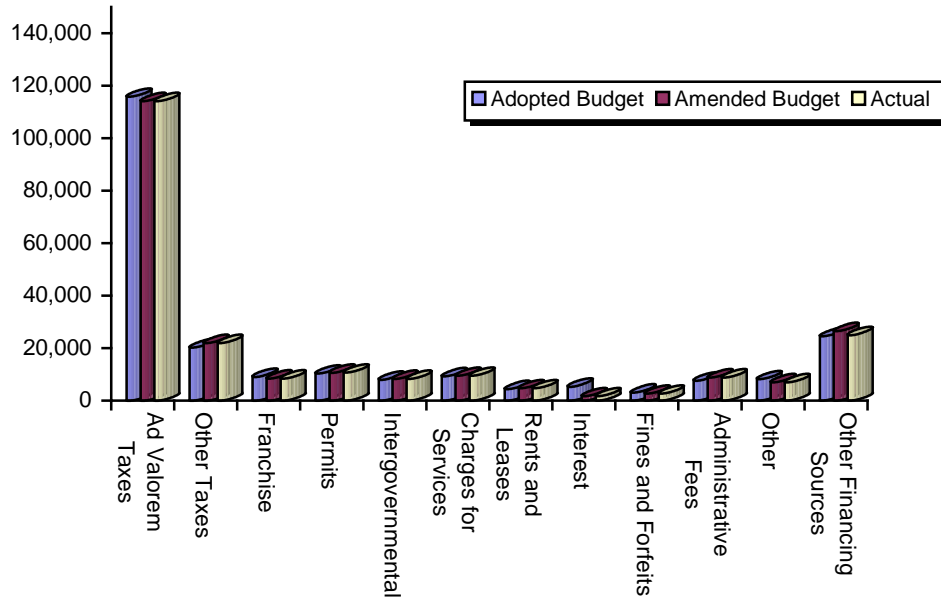
	Original Adopted Budget	Final Amended Budget	Actual
Taxes:			
Property	112,245	\$ 110,549	\$ 110,549
Sales, use, fuel	1,511	1,511	1,499
Utility	10,010	10,010	10,210
Local business	4,035	4,035	4,243
Communication Service	6,642	5,299	5,859
Taxes	<u>134,443</u>	<u>131,404</u>	<u>132,360</u>
Other than taxes:			
Franchise	8,766	8,766	8,005
Permits	10,455	13,253	12,649
Intergovernmental	8,451	8,804	8,918
Charges for services	10,046	10,124	10,153
Rents and leases	4,712	5,300	5,460
Interest income	3,552	2,328	2,328
Fines and forfeits	3,163	2,606	2,679
Administrative fees	15,631	14,920	14,831
Other	4,470	4,122	4,395
Other financing sources	28,625	30,624	30,630
Fund balance	5,204	5,608	
Other than taxes	<u>103,075</u>	<u>106,455</u>	<u>100,048</u>
Total revenues	<u>\$ 237,518</u>	<u>\$ 237,859</u>	<u>\$ 232,408</u>

General Fund Expenditures for the fiscal year ended September 30, 2011 (in thousands)

	Original Adopted Budget	Final Amended Budget	Actual
General government	\$ 35,156	\$ 31,721	\$ 31,721
Public safety	154,551	153,243	153,243
Physical environment	2,468	2,624	2,619
Transportation	4,017	3,378	3,373
Economic environment	1,520	1,410	1,410
Human services	518	528	528
Culture and recreation	30,468	29,707	29,703
Capital Outlay		194	194
Debt service	1,319	1,324	1,324
Other financing uses	7,501	13,730	7,677
Total expenditure	<u>\$ 237,518</u>	<u>\$ 237,859</u>	<u>\$ 231,792</u>

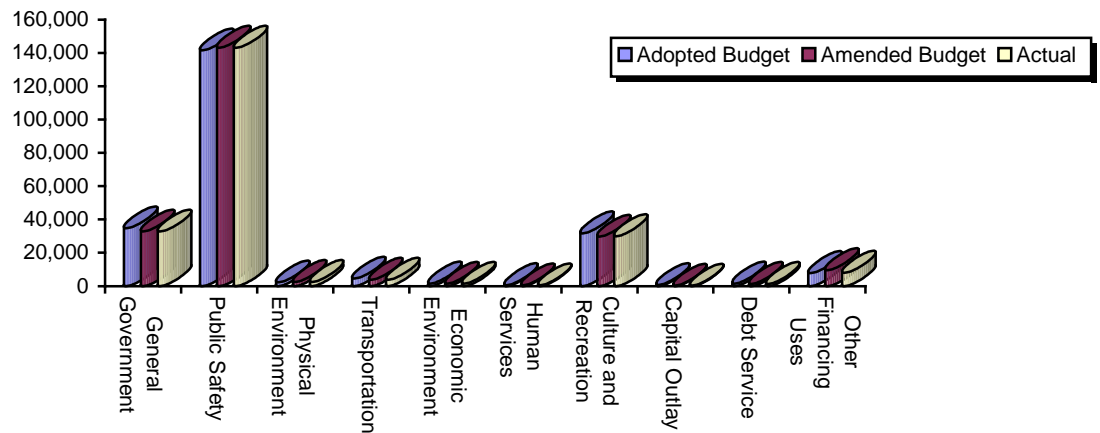
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

General Fund Revenues for the year ended September 30, 2011 (in thousands).



The following chart and table summarizes actual expenditures by function/program for fiscal year 2011 and compares expenditures with Adopted Budget, Amended Budget and Actual.

General Fund Expenditure for the year ended September 30, 2011 (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, 2011 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	
	2010	2011	2010	2011	2010	2011
Land	\$ 45,832	\$ 45,832	\$ 24,275	\$ 24,274	\$ 70,107	\$ 70,106
Intangible assets	4,182	4,182	4,318	4,318		8,500
Construction						
work-in-progress	289,008	224,175	206,763	198,884	495,771	423,059
Building & Structure	61,313	61,678	145,141	162,165	206,454	223,843
Permanent						
improvements	90,492	132,691	6,541	10,259	97,033	142,950
Furniture, Fixtures						
& Equipment	18,333	15,020	43,980	46,759	62,313	61,779
Infrastructure	27,609	62,627	72,056	96,924	99,665	159,551
Total	<u>\$ 536,769</u>	<u>\$ 546,205</u>	<u>\$ 503,074</u>	<u>\$ 543,583</u>	<u>\$ 1,031,343</u>	<u>\$ 1,089,788</u>

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 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 New World Symphony Campus Expansion Project. The Park is a key attraction for residents and visitors alike. The Park Project budget also includes additional improvements to infrastructure related areas. The Park grand opening was in January 2011.
- Completed Band Shell project which includes renovations and improvements to the oceanfront portion of North Shore Park, which has not seen significant upgrades in many years. Improvements will include the following elements: reconfiguration and addition of walkways throughout; new service driveway; installation of an electronic marquee; installation of the Beatles Mandala; demolition of the existing bus shelter; landscaping; irrigation; site lighting; the widening of 73rd Street sidewalk allowing for the creation of a multi-purpose path; a new walkway connecting Collins Avenue to the North Beach Recreational Corridor at 72nd Street; redesigned entrances to the Bandshell Facility and new North Beach Oceanfront Center and site enhancements associated with the North Beach Oceanfront Center. Improvements will discourage the existing homeless encampment and improve the image of safety and security. (Miami-Dade County Grant Project: 86 - Miami Beach - Band Shell Park 7275 Collins Avenue).
- Scheduled for completion in the fiscal year 2012, the Scott Rakow Youth Center Phase II which is a facility that offers a very important service for the children and parents of the Middle Beach Community. The Youth Center provides after school activities and programs that are vital to the

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

community, which have continually expressed concerns over the current conditions of the Youth Center. The improvements includes: expanding the existing parking lot by 44 parking spaces, and providing a bus drop off which separates vehicular and pedestrian traffic, providing ADA accessible walkways from the HC parking to the main entrance and to the new outdoor playground area, converting the old ice rink into a multi-purpose room, renovating the existing entry plaza, providing a new entry addition with a security counter and lobby, a new handicap accessible elevator located at the entry addition, first and second floor renovations, and new lighting, flooring and ceiling treatments.

- Beginning construction of Sunset Island 1 & 2. Scope includes roadway reconstruction, planting strip restoration, water line replacement and upgrade, valley gutter installation and stormwater upgrades.
- Continued construction of Sunset Harbor Garage an approximately 460-space parking garage. The proposed size was based on a number of factors, including neighborhood retail demand, valet parking storage, peak period transient parking, and City operational needs. The potential relocation of Property Management from Flamingo Park would generate potential parking demand of 120 spaces.
- Completed portions of the South Pointe Park which provides a recreational area for residents and tourists in the south beach area. Improvements to the 17-acre regional park include: redesigned park entrance, new restroom building, pedestrian pathways, site lighting, playground, signage, landscaping and irrigation. The playground for South Pointe Park area and shade structure adds an age appropriate playground loaded with lots play value that can withstand the harsh beach environment at the City of Miami Beach's premier park. The new playground equipment includes a composite playground designed especially for 2-5 years old and a separate composite playground for children 5-12 years old as recommended by the National Playground Safety Institute. In addition, both play areas have added shade cover protection to reduce the children's exposure of potential cancer causing sun rays. The park also includes a dog park.

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 \$442 million. Governmental activities debt decreased by \$11.8 million or 5% while business-type activities debt increased by \$19.9 million or 10%.

Throughout the fiscal year, the City received additional equipment loan proceeds of \$3.7 million. In addition, in November 2010, the City refinanced the Parking Revenue Bonds Series 1997 and received new monies by issuing the new Parking Revenue Bonds Series 2010A and 2010B.

Subsequent to fiscal year end, on December 1, 2011, the City refinanced the outstanding balance of the General Obligation Bonds Series 2000 that were originally issued through City of Gulf Breeze, Florida Local Government Loan Pool Program by issuing the General Obligation Refunding Bonds Series 2011. The Series 2011 also partially refinanced the General Obligation Bonds, Series 2003.

On December 7, 2011, the City issued Stormwater Revenue Bonds, Series 2011A and Series 2011B. The Series 2011A were issued for the purpose of providing funds to pay for certain capital improvements in the Stormwater Utility, and the Series 2011B bonds were issued to refund the outstanding Stormwater Revenue Bonds, Series 2000.

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

	Governmental activities		Business-type activities		Total	
	2010	2011	2010	2011	2010	2011
General obligation	\$ 70,985	\$ 68,280	\$	\$	\$ 70,985	\$ 68,280
Special obligation	141,783	131,869			141,783	131,869
Revenue bonds			196,712	216,131	196,712	216,131
Loans	8,949	9,438	1,220	1,670	10,169	11,108
Other debt	14,516	14,879			14,516	14,879
Total	<u>\$ 236,233</u>	<u>\$ 224,466</u>	<u>\$ 197,932</u>	<u>\$ 217,801</u>	<u>\$ 434,165</u>	<u>\$ 442,267</u>

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, 2011

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and investments	\$ 313,047,913	\$ 108,121,134	\$ 421,169,047	\$ 3,157,856
Cash with fiscal agent	250,000		250,000	
Receivables (net)	18,377,102	16,017,053	34,394,155	365,698
Due from other governments	4,631,273	28,678	4,659,951	
Internal balances	(617,911)	617,911		
Prepaid expenses	3,768,479	173,614	3,942,093	
Inventories	251,010	2,459,845	2,710,855	
Restricted cash and investments	42,806,247	112,085,006	154,891,253	
Deferred charges	62,442	2,247,240	2,309,682	
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	224,174,967	198,883,702	423,058,669	
Capital assets net of accumulated depreciation:				
Buildings and structures	61,678,259	162,165,488	223,843,747	
Permanent improvements	132,691,223	10,258,879	142,950,102	
Machinery and equipment	15,019,430	46,759,143	61,778,573	30,820
Infrastructure	62,626,605	96,923,546	159,550,151	
Total assets	928,781,196	785,333,706	1,714,114,902	3,554,374
LIABILITIES				
Accounts payable	13,909,833	9,577,600	23,487,433	13,248
Retainage payable	4,413,204	1,119,340	5,532,544	
Accrued expenses	4,621,349	3,217,260	7,838,609	353,283
Accrued interest payable	2,260,299		2,260,299	
Unearned revenue	4,039,904	881,076	4,920,980	
Due to other governments	7,968	27,377	35,345	
Noncurrent liabilities:				
Due within one year	30,522,351	15,053,314	45,575,665	
Due in more than one year	266,113,968	213,540,772	479,654,740	
Total liabilities	325,888,876	243,416,739	569,305,615	366,531
NET ASSETS				
Invested in capital assets, net of related debt	400,586,856	381,291,750	781,878,606	30,820
Restricted for:				
Debt Service	8,617,414	32,788,919	41,406,333	
Economic development	21,145,283	3,272,788	24,418,071	
Transportation	15,369,617		15,369,617	
Other purposes	20,917,673		20,917,673	
Unrestricted	136,255,477	124,563,510	260,818,987	3,157,023
Total net assets	\$ 602,892,320	\$ 541,916,967	\$ 1,144,809,287	\$ 3,187,843

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, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 47,705,535	\$ 50,693,412	\$ 11,787,046	\$	\$ 14,774,923	\$	\$ 14,774,923	\$
Public safety	176,946,485	2,403,350	4,796,527	1,115,457	(168,631,151)		(168,631,151)	
Physical environment	2,883,878		552,742		(2,331,136)		(2,331,136)	
Transportation	10,639,329	14,470	2,599,874	1,529,151	(6,495,834)		(6,495,834)	
Economic environment	20,504,954		5,353,635	1,446,990	(13,704,329)		(13,704,329)	
Human services	1,462,354		1,171,878		(290,476)		(290,476)	
Culture and recreation	43,241,187	10,969,329	923,852	309,113	(31,038,893)		(31,038,893)	
Interest on long-term debt	10,571,366				(10,571,366)		(10,571,366)	
Total governmental activities	313,955,088	64,080,561	27,185,554	4,400,711	(218,288,262)		(218,288,262)	
Business-type activities:								
Storm Water	4,831,699	11,683,524	420			6,852,245	6,852,245	
Water	28,376,149	33,303,263	69,566			4,996,680	4,996,680	
Sewer	29,548,149	35,248,733	54,872			5,755,456	5,755,456	
Parking	28,674,475	34,876,171	5,231,823			11,433,519	11,433,519	
Convention Center	14,270,835	6,376,573	4,482,508			(3,411,754)	(3,411,754)	
Sanitation	15,832,985	6,376,004	4,105,111			(5,351,870)	(5,351,870)	
Redevelopment Agency/s								
Parking	3,001,847	3,555,561				553,714	553,714	
Redevelopment Agency/s								
Leasing	244,588	656,553				411,965	411,965	
Total business-type activities	124,780,727	132,076,382	13,944,300			21,239,955	21,239,955	
Total primary government	\$ 438,735,815	\$ 196,156,943	\$ 41,129,854	\$ 4,400,711	(218,288,262)	21,239,955	(197,048,307)	
Component units:								
Visitor and Convention	\$ 1,749,935	\$	\$ 30,109	\$				(1,719,826)
Health Facilities	105,323							(105,323)
Total component units	\$ 1,855,258	\$	\$ 30,109	\$				(1,825,149)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					107,848,650		107,848,650	
Property taxes, levied for debt service					5,599,835		5,599,835	
Resort taxes					48,773,891		48,773,891	1,921,189
Tax increment					46,145,257	3,071,141	49,216,398	
Utility taxes					10,209,678		10,209,678	
Local business tax					4,242,891		4,242,891	
Communication service tax					5,859,093		5,859,093	
Miscellaneous					618,470		618,470	102,660
Gain on sale of capital assets					264,801	75,365	340,166	
Unrestricted investment earnings					3,288,360	1,714,113	5,002,473	11,134
Transfers					(13,750,433)	13,750,433		
Total general revenues and transfers					219,100,493	18,611,052	237,711,545	2,034,983
Change in net assets					812,231	39,851,007	40,663,238	209,834
Net assets - beginning					602,080,089	502,065,960	1,104,146,049	2,978,009
Net assets - ending					\$ 602,892,320	\$ 541,916,967	\$ 1,144,809,287	\$ 3,187,843

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

CITY OF MIAMI BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2011

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 55,150,759	\$ 7,546,820	\$ 19,847,820	\$ 189,109,056	\$ 52,853,650	\$ 324,508,105
Receivables (net of allowance for uncollectibles)	11,468,776	4,036,695		59,729	972,350	16,537,550
Accrued interest	1,045,915			89,760	222	1,135,897
Due from other funds	1,308,100		618,885	13,849	6,426	1,947,260
Due from other governments				2,195,004	2,436,269	4,631,273
Prepaid expenditures	78,020		4,490		0	82,510
Total assets	<u>\$ 69,051,570</u>	<u>\$ 11,583,515</u>	<u>\$ 20,471,195</u>	<u>\$ 191,467,398</u>	<u>\$ 56,268,917</u>	<u>\$ 348,842,595</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 2,747,182	\$ 151,345	\$ 2,115,463	\$ 5,629,040	\$ 1,771,364	\$ 12,414,394
Retainage payable				3,616,745	796,459	4,413,204
Accrued expenditures	1,406,333	740,973	17,594	1,014,635	645,713	3,825,248
Unearned/deferred revenues	8,414,629				279,252	8,693,881
Due to other governments					7,968	7,968
Due to other funds	707,859	583,487	1,736,400	292,572	251,594	3,571,912
Total liabilities	<u>13,276,003</u>	<u>1,475,805</u>	<u>3,869,457</u>	<u>10,552,992</u>	<u>3,752,350</u>	<u>32,926,607</u>
Fund balances:						
Nonspendable	78,020		4,490			82,510
Restricted	4,653,291	10,107,710	16,597,248	152,272,599	40,925,151	224,555,999
Committed	272,922			30,527,656	12,098,292	42,898,870
Assigned	47,865,087				53,020	47,918,107
Unassigned	2,906,247			(1,885,849)	(559,896)	460,502
Total fund balances	<u>55,775,567</u>	<u>10,107,710</u>	<u>16,601,738</u>	<u>180,914,406</u>	<u>52,516,567</u>	<u>315,915,988</u>
Total liabilities and fund balances	<u>\$ 69,051,570</u>	<u>\$ 11,583,515</u>	<u>\$ 20,471,195</u>	<u>\$ 191,467,398</u>	<u>\$ 56,268,917</u>	<u>\$ 348,842,595</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, 2011

Total fund balances - governmental funds **\$ 315,915,988**

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		224,158,967	
Building and structure		107,086,578	
Permanent improvements		212,777,704	
Machinery and equipment		11,832,601	
Infrastructure		160,071,533	
Accumulated depreciation		<u>(233,539,041)</u>	
Total capital assets			531,793,979

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	\$	(216,080,552)	
Compensated absences		(18,972,498)	
Accrued interest payable		(2,260,299)	
OPEB		<u>(22,874,973)</u>	
Total long term liabilities			(260,188,322)

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. 2,432,124

Some Deferred Revenues have met the earned criteria for recognition in the Statement of Activities. 4,653,977

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. 8,284,574

Net assets of governmental activities **\$ 602,892,320**

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, 2011

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 110,548,848	\$	\$	\$	\$ 5,935,778	\$ 116,484,626
Sales, use and fuel	1,498,802				2,910,064	4,408,866
Utility	10,209,678					10,209,678
Resort		48,773,891				48,773,891
Local business	4,242,891					4,242,891
Tax increment			33,162,415	12,982,842		46,145,257
Communication service	5,859,093					5,859,093
Other					2,080,668	2,080,668
Franchise fees	8,005,556					8,005,556
Permits	12,649,435					12,649,435
Intergovernmental	8,918,255			3,822,465	8,343,184	21,083,904
Charges for services	10,153,019				3,300,385	13,453,404
Rents and leases	5,459,649		84,166	67,400		5,611,215
Interest	2,328,465	119,568	35,631	296,995	143,741	2,924,400
Fines and forfeitures	2,679,241				410,988	3,090,229
Administrative fees	14,830,787					14,830,787
Special assessment		721,440		26,688		748,128
Impact fees					1,897,593	1,897,593
Other	4,394,553	13,176	27,982	1,952,943	2,655,272	9,043,926
Total revenues	201,778,272	49,628,075	33,310,194	19,149,333	27,677,673	331,543,547
EXPENDITURES						
Current:						
General government	31,721,177	1,068,652	6,157,801		312,567	39,260,197
Public safety	153,243,634		2,753,374		7,634,346	163,631,354
Physical environment	2,618,574					2,618,574
Transportation	3,372,817				1,340,037	4,712,854
Economic environment	1,409,939		15,000,000		5,316,054	21,725,993
Human services	527,860				913,209	1,441,069
Culture and recreation	29,702,886	7,305,908			2,133,926	39,142,720
Capital Outlay	193,802			44,173,588	3,064,837	47,432,227
Debt service:						
Principal retirement	720,000				12,109,124	12,829,124
Interest and fiscal charges	603,578				9,858,514	10,462,092
Total expenditures	224,114,267	8,374,560	23,911,175	44,173,588	42,682,614	343,256,204
Excess (deficiency) of revenues over (under) expenditures	(22,335,995)	41,253,515	9,399,019	(25,024,255)	(15,004,941)	(11,712,657)
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	14,592					14,592
Transfers in	30,615,440		4,492,075	7,151,310	21,823,177	64,082,002
Transfers out	(7,677,288)	(39,585,950)	(10,234,880)	(847,773)	(1,785,150)	(60,131,041)
Total other financing sources (uses)	22,952,744	(39,585,950)	(5,742,805)	6,303,537	20,038,027	3,965,553
Net change in fund balances	616,749	1,667,565	3,656,214	(18,720,718)	5,033,086	(7,747,104)
Fund balances - beginning of year	55,158,818	8,440,145	12,945,524	199,635,124	47,483,481	323,663,092
Fund balances - end of year	\$ 55,775,567	\$ 10,107,710	\$ 16,601,738	\$ 180,914,406	\$ 52,516,567	\$ 315,915,988

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, 2011

Net change in fund balance - total governmental funds **\$ (7,747,104)**

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	\$	47,432,227	
Contributions to proprietary funds		(17,070,342)	
Deletions		(559,945)	
Depreciation expense		(16,826,512)	
Excess of capital outlay over depreciation expense			12,975,428

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

Bonds, loans and notes principal retirement	\$	12,255,350	
Amortization of net bond premium		142,122	
Amortization of bond issuance costs		(188,963)	
OPEB		(7,788,850)	
Total long term-debt retirement and related transactions			4,419,659

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	\$	(2,042,685)	
Decrease in accrued interest expense		179,287	
Total additional expense			(1,863,398)

Deferred revenue that meet the revenue recognition criteria in the Statement of Activities, but not the fund statements, i.e. property taxes. (3,036,141)

Internal funds are used by management to charge the costs of fleet management, property management, central services, self insurance, and communications to individual funds. (3,936,213)

Change in net assets of governmental activities **\$ 812,231**

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, 2011

	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	\$ 8,039,535	\$ 26,713,586	\$ 38,002,572	\$ 10,140,037	\$ 25,225,404	\$ 108,121,134	\$ 31,346,055
Cash with fiscal agent							250,000
Restricted cash and investments:							
Revenue bonds covenant	1,487,023	9,566,924	4,098,428			15,152,375	
Accounts receivable (net of allowance for uncollectibles)	1,098,701	6,969,144	4,349,825	2,357,250	1,186,088	15,961,008	703,655
Accrued interest receivable		38,568	17,477			56,045	
Due from other governments				28,678		28,678	
Due from other funds			62,971		1,001,530	1,064,501	1,429,852
Prepaid expenses				128,733	44,881	173,614	1,253,845
Inventories		2,436,374	23,471			2,459,845	251,010
Total current assets	<u>10,625,259</u>	<u>45,724,596</u>	<u>46,554,744</u>	<u>12,654,698</u>	<u>27,457,903</u>	<u>143,017,200</u>	<u>35,234,417</u>
Noncurrent assets:							
Restricted cash and investments:							
Customer deposits		7,137,111	20,196	2,455,774	106,348	9,719,429	
Interlocal agreement				3,272,788		3,272,788	
Revenue bonds covenant	7,820,602	56,996,940	19,122,872			83,940,414	
Deferred charges	307,118	1,397,283	541,691		1,148	2,247,240	62,442
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	67,119,041	166,093,610	31,057,022	272,192,160	2,223,768
Parking lots			5,329,567			5,329,567	
Mains and lines	17,121,156	108,079,685				125,200,841	
Meters and hydrants		12,560,313	2,680,094			15,240,407	
Machinery and equipment	2,108,583	47,302,820	8,516,370	12,842,644	3,310,986	74,081,403	61,227,636
Construction in progress	68,731,858	72,256,169	40,656,208	17,126,766	112,701	198,883,702	16,000
Less accumulated depreciation	(2,468,411)	(56,078,239)	(26,926,834)	(82,125,381)	(8,338,457)	(175,937,322)	(49,665,262)
Total capital assets (net of accumulated depreciation)	<u>85,493,186</u>	<u>193,535,833</u>	<u>118,975,983</u>	<u>116,027,010</u>	<u>29,551,213</u>	<u>543,583,225</u>	<u>14,410,662</u>
Total noncurrent assets	<u>93,620,906</u>	<u>259,067,167</u>	<u>138,660,742</u>	<u>121,755,572</u>	<u>29,658,709</u>	<u>642,763,096</u>	<u>14,473,104</u>
Total assets	<u>104,246,165</u>	<u>304,791,763</u>	<u>185,215,486</u>	<u>134,410,270</u>	<u>57,116,612</u>	<u>785,780,296</u>	<u>49,707,521</u>
LIABILITIES							
Current liabilities:							
Accounts payable	711,919	4,113,810	1,331,555	2,528,896	891,420	9,577,600	1,495,439
Retainage payable	111,778	535,876	437,692	33,994		1,119,340	
Accrued expenses	368,780	2,067,048	330,275	402,471	48,686	3,217,260	796,101
Due to other funds	14,535	56,586	114,100	349	261,020	446,590	423,111
Due to other governments			14,103	559	12,715	27,377	
Bonds payable	1,400,000	4,100,000	1,909,458			7,409,458	
Loans payable	25,266	89,803	109,159		133,960	358,188	2,486,224
Deposits		7,137,111	20,196			7,157,307	
Accrued compensated absences	84,045	357,100	392,246	2,625	263,759	1,099,775	461,403
Unearned revenue			353,871	485,995	41,210	881,076	
Pending insurance claims							6,319,294
Total current liabilities	<u>2,716,323</u>	<u>18,457,334</u>	<u>5,012,655</u>	<u>3,454,889</u>	<u>1,652,770</u>	<u>31,293,971</u>	<u>11,981,572</u>
Noncurrent liabilities:							
Pending insurance claims							5,478,695
Insurance claims incurred but not reported							16,273,426
Deposits				2,455,774	106,348	2,562,122	
Accrued compensated absences	87,487	137,119	323,336		334,277	882,219	736,998
Environmental remediation liability					1,000,000	1,000,000	
Loans payable	178,040	325,374	372,935		435,310	1,311,659	6,952,256
Revenue bonds payable (net of unamortized discounts)	<u>41,300,213</u>	<u>121,456,719</u>	<u>44,056,426</u>			<u>206,813,358</u>	
Total noncurrent liabilities	<u>41,565,740</u>	<u>121,919,212</u>	<u>44,752,697</u>	<u>2,455,774</u>	<u>1,875,935</u>	<u>212,569,358</u>	<u>29,441,375</u>
Total liabilities	<u>44,282,063</u>	<u>140,376,546</u>	<u>49,765,352</u>	<u>5,910,663</u>	<u>3,528,705</u>	<u>243,863,329</u>	<u>41,422,947</u>
NET ASSETS							
Invested in capital assets, net of related debt	42,589,667	103,905,000	89,788,130	116,027,010	28,981,943	381,291,750	4,972,182
Restricted:							
Interlocal agreement				3,272,788		3,272,788	
Debt covenant	9,307,625	17,530,394	5,950,900			32,788,919	
Unrestricted	<u>8,066,810</u>	<u>42,979,823</u>	<u>39,711,104</u>	<u>9,199,809</u>	<u>24,605,964</u>	<u>124,563,510</u>	<u>3,312,392</u>
Total net assets	<u>\$ 59,964,102</u>	<u>\$ 164,415,217</u>	<u>\$ 135,450,134</u>	<u>\$ 128,499,607</u>	<u>\$ 53,587,907</u>	<u>\$ 541,916,967</u>	<u>\$ 8,284,574</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, 2011

	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	\$ 11,683,524	\$ 68,551,995	\$ 34,876,171	\$ 6,376,573	\$ 9,352,821	\$ 130,841,084	\$ 67,543,051
Permits, rentals, and other	420	124,438	5,231,823	4,482,508	8,411,550	18,250,739	2,886,564
Total operating revenues	<u>11,683,944</u>	<u>68,676,433</u>	<u>40,107,994</u>	<u>10,859,081</u>	<u>17,764,371</u>	<u>149,091,823</u>	<u>70,429,615</u>
Operating expenses:							
Personal services	1,854,996	6,796,458	9,952,848	3,107,473	7,876,834	29,588,609	11,225,382
Operating supplies	59,415	845,245	252,281	395,841	100,658	1,653,440	4,751,893
Contractual services	446,719	35,153,879	6,220,925	1,718,116	5,923,898	49,463,537	8,277,911
Utilities	45,683	699,972	999,985	1,252,061	138,268	3,135,969	2,395,322
Insurance			271,253	98,619		369,872	11,021,582
Internal charges	760,654	4,042,112	2,996,270	1,211,467	1,905,328	10,915,831	2,193,700
Depreciation	684,033	4,034,714	3,254,856	5,573,691	1,134,607	14,681,901	6,568,595
Administrative fees	309,799	3,092,416	3,270,868	381,348	1,237,005	8,291,436	1,100,000
Amortization	71,715	178,792	24,794		440	275,741	16,094
Claims and judgements							26,644,619
Other operating	179,426	972,138	323,094	403,266	511,634	2,389,558	1,166,316
Total operating expenses	<u>4,412,440</u>	<u>55,815,726</u>	<u>27,567,174</u>	<u>14,141,882</u>	<u>18,828,672</u>	<u>120,765,894</u>	<u>75,361,414</u>
Operating income (loss)	<u>7,271,504</u>	<u>12,860,707</u>	<u>12,540,820</u>	<u>(3,282,801)</u>	<u>(1,064,301)</u>	<u>28,325,929</u>	<u>(4,931,799)</u>
Nonoperating revenues (expenses):							
Interest and fiscal charges	(328,761)	(1,611,850)	(771,594)		(16,189)	(2,728,394)	(288,561)
Gain (loss) on disposal of capital assets	99	25,687	23,878	7,046	18,655	75,365	264,801
Interest income	164,185	620,810	643,952	122,703	162,463	1,714,113	363,960
Total nonoperating revenues (expenses)	<u>(164,477)</u>	<u>(965,353)</u>	<u>(103,764)</u>	<u>129,749</u>	<u>164,929</u>	<u>(938,916)</u>	<u>340,200</u>
Income (loss) before contributions and transfers	7,107,027	11,895,354	12,437,056	(3,153,052)	(899,372)	27,387,013	(4,591,599)
Capital contributions			245,834		16,809,974	17,055,808	14,533
Transfers in	40,000		374,837		952,107	1,366,944	715,000
Transfers out	(589,158)		(5,363,864)		(5,736)	(5,958,758)	(74,147)
Change in net assets	<u>6,557,869</u>	<u>11,895,354</u>	<u>7,693,863</u>	<u>(3,153,052)</u>	<u>16,856,973</u>	<u>39,851,007</u>	<u>(3,936,213)</u>
Total net assets - beginning	<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>
Total net assets - ending	<u>\$ 59,964,102</u>	<u>\$ 164,415,217</u>	<u>\$ 135,450,134</u>	<u>\$ 128,499,607</u>	<u>\$ 53,587,907</u>	<u>\$ 541,916,967</u>	<u>\$ 8,284,574</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, 2011

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Cash flows from operating activities:							
Cash received from customers	\$ 11,331,233	\$ 67,271,994	\$ 34,565,711	\$ 6,437,768	\$ 8,402,000	\$ 128,008,706	\$ 67,132,632
Cash paid to suppliers	(944,282)	(37,504,214)	(8,889,805)	(3,826,323)	(6,394,857)	(57,559,481)	(27,746,850)
Cash paid to employees	(1,851,691)	(6,875,403)	(10,029,839)	(3,118,039)	(8,036,226)	(29,911,198)	(11,378,718)
Cash paid for claims and judgements							(23,467,500)
Internal charges-payments made to other funds	(1,070,453)	(7,134,528)	(6,267,138)	(1,592,466)	(3,024,213)	(19,088,798)	(3,522,164)
Other operating revenues	420	124,438	5,231,823	4,847,305	8,311,550	18,515,536	2,773,611
Net cash provided by or (used in) operating activities	7,465,227	15,882,287	14,610,752	2,748,245	(741,746)	39,964,765	3,791,011
Cash flows for non-capital financing activities:							
Transfers in	40,000		374,837		949,170	1,364,007	715,000
Transfers out	(589,158)		(5,363,864)		(5,736)	(5,958,758)	(71,210)
Net cash provided by (used in) non-capital financing activities	(549,158)		(4,989,027)		943,434	(4,594,751)	643,790
Cash flows from capital and related financing activities:							
Loan proceeds		212,493	341,205		157,448	711,146	3,000,540
Bond proceeds			44,560,000			44,560,000	
Repayment of loan-principal	(24,152)	(57,773)	(57,182)		(122,644)	(261,751)	(2,511,298)
Interest and fiscal charges	(328,761)	(1,664,387)	(697,619)		(16,539)	(2,707,306)	(299,522)
Bond payments-principal		(3,930,000)	(2,015,876)			(5,945,876)	
Payment to escrow agency			(19,506,457)			(19,506,457)	
Net premium			357,927			357,927	
Bond issuance costs			(568,724)			(568,724)	
Purchase of capital assets	(6,042,135)	(12,820,554)	(14,671,684)	(4,757,126)	(72,915)	(38,364,414)	(2,931,694)
Proceeds from sale of capital assets	99	25,686	23,878	7,046	23,272	79,981	179,226
Net cash provided by (used in) capital and related financing activities	(6,394,949)	(18,234,535)	7,765,468	(4,750,080)	(31,378)	(21,645,474)	(2,562,748)
Cash flows from investing activities:							
Interest on investments	164,189	667,758	626,475	122,703	162,463	1,743,588	363,960
Net cash provided by investing activities	164,189	667,758	626,475	122,703	162,463	1,743,588	363,960
Net increase (decrease) in cash and equivalents	685,309	(1,684,490)	18,013,668	(1,879,132)	332,773	15,468,128	2,236,013
Cash and investments - beginning of year	16,661,851	102,099,051	43,230,400	17,747,731	24,998,979	204,738,012	29,360,042
Cash and investments - end of year	\$ 17,347,160	\$ 100,414,561	\$ 61,244,068	\$ 15,868,599	\$ 25,331,752	\$ 220,206,140	\$ 31,596,055
Classified as:							
Current assets	\$ 8,039,535	\$ 26,713,586	\$ 38,002,572	\$ 10,140,037	\$ 25,225,404	\$ 108,121,134	\$ 31,596,055
Restricted assets	9,307,625	73,700,975	23,241,496	5,728,562	106,348	112,085,006	
Total cash and investments	\$ 17,347,160	\$ 100,414,561	\$ 61,244,068	\$ 15,868,599	\$ 25,331,752	\$ 220,206,140	\$ 31,596,055
Non-cash transactions affecting financial position:							
Change in construction and related liabilities	\$ (569,325)	\$ 38,715	\$ 630,160	\$ 327,353	\$ 2,937	\$ 429,840	\$
Change in deferred refunding costs	13,922	38,785				52,707	
Change in bond discount	41,629	11,268				52,897	
Capital contributions of capital assets			245,834			245,834	
Total Non-cash transactions affecting financial position	\$ (513,774)	\$ 88,768	\$ 875,994	\$ 327,353	\$ 2,937	\$ 781,278	\$

(continued)

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF CASH FLOWS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2011

(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)	\$ 7,271,504	\$ 12,860,707	\$ 12,540,820	\$ (3,282,801)	\$ (1,064,301)	\$ 28,325,929	\$ (4,931,799)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:							
Depreciation and amorti- zation	755,748	4,213,506	3,279,650	5,573,691	1,135,047	14,957,642	6,584,689
Provision for uncollectible accounts	76,215	(304,084)	9,565	(81,161)	(30,068)	(329,533)	453
Changes in assets and liabilities:							
(Increase) decrease in inventories		41,827	(13,983)			27,844	(417,083)
(Increase) decrease in accounts receivable	(443,041)	(1,231,507)	(333,821)	(483,452)	(77,450)	(2,569,271)	(110,675)
(Increase) decrease in due from other govern- ments				364,797		364,797	
(Increase) decrease in due from other funds		4,155	(56,016)		(898,483)	(950,344)	(378,108)
(Increase) decrease in prepaid expense			7,817	35,518	8,505	51,840	9,772
Increase (decrease) in accounts payable	157,745	(196,761)	(794,636)	338,270	240,877	(254,505)	(536,747)
Increase (decrease) in retainage payable	(63,666)					(63,666)	
Increase (decrease) in accrued expenses	(337,471)	209,617	(198,301)	(276,811)	(189,829)	(792,795)	441,759
Increase (decrease) in deposits		194,849	(22,360)	614,813	27,870	815,172	
Increase (decrease) in due to other governments			13,489	(19,149)	9,247	3,587	
Increase (decrease) in due to other funds	14,535	56,586	77,351	349	217,384	366,205	(93,033)
Increase (decrease) in unearned revenues			14,821	10,995	2,160	27,976	
Increase in pending insurance claims							1,649,514
(Decrease) in insurance claims incurred but not reported							1,527,605
Increase (decrease) in accrued compensated absences	33,658	33,392	86,356	(46,814)	(22,705)	83,887	44,664
Total adjustments	193,723	3,021,580	2,069,932	6,031,046	422,555	11,738,836	8,722,810
Net cash provided by or (used in) operating activities	\$ 7,465,227	\$ 15,882,287	\$ 14,610,752	\$ 2,748,245	\$ (641,746)	\$ 40,064,765	\$ 3,791,011

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, 2011

	<u>Trust Funds</u>	<u>Agency Fund</u>
Assets		
Cash and cash equivalents	\$ 26,052,713	\$ 5,289,874
Receivables:		
Accounts, net		133,760
Accrued interest	3,183,666	
Contributions	1,555,740	
Other	6,138,985	
Prepaid expenses	3,496	
Investments, at fair value:		
Short-term investments	401,506	
U.S. Government securities	59,579,074	
Corporate bonds and notes	184,973,234	
Common stocks and index funds	252,662,199	
Aggregated bond funds	60,721,884	
Aggregated equity funds	282,449,053	
Money market funds	6,610,602	
Private placements	27,403,628	
Real estate funds	18,432,773	
Mutual funds self-directed DROP participants	16,838,177	
Total investments	<u>910,072,130</u>	<u> </u>
Total assets	<u>947,006,730</u>	<u>5,423,634</u>
Liabilities		
Accounts payable	30,012,633	199,446
Deposits		<u>5,224,188</u>
Total liabilities	<u>30,012,633</u>	<u>5,423,634</u>
Net Assets		
Held in trust for pension benefits	<u>\$ 916,994,097</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, 2011

	<u>Trust Funds</u>
Additions:	
Contributions -	
Employer	\$ 50,486,849
Employee	12,182,470
State of Florida	2,080,668
Buybacks/transfers from other systems	621,252
Other	675
Total contributions	<u>65,371,914</u>
Investment Income (loss) -	
Net increase/(decrease) in fair value of investments	(23,370,684)
Interest and dividends income	22,006,100
	<u>(1,364,584)</u>
Investment management expenses	<u>(3,501,786)</u>
Net investment loss	<u>(4,866,370)</u>
Total additions/(reduction)	<u>60,505,544</u>
Deductions:	
Benefit paid	80,670,288
Contributions refunded	830,424
Administrative expenses	1,816,355
Total deductions	<u>83,317,067</u>
Net decrease	<u>(22,811,523)</u>
Net assets held in trust for pension benefits - beginning of year	<u>939,805,620</u>
Net assets held in trust for pension benefits - end of year	<u>\$ 916,994,097</u>

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 2011.

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 2011.

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, 2011
(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 2011.

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. 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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Continued)

requirements of a particular functional category. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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

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

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

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

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, 2011
(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 assets.

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

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

Other fund types:

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

- *Fleet Management* – accounts for the warehouse operations and the purchase and maintenance of the City's fleet of vehicles.
- *Property Management* – accounts for the cleaning, operating and renovations of City buildings.
- *Central Services* – accounts for the operation of the office supplies warehouse, central printing function and central mail facility.
- *Risk 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 and information technology operations.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(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.

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Continued)

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, 2011:

- 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, 2011, but not collected as of that date;
- c. Resort Taxes Receivable – This amount represents resort taxes due by September 30, 2011, 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, 2011.
- f. Intergovernmental Receivable – This amount represents grant revenue earned but not received by the City as of September 30, 2011 and state revenue sharing received within 45 days of year end.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(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, 2011 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 \$5,000 or more, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or at valuations, which approximate cost. In the case of initial capitalization of general infrastructure assets, the City chose to include all such items regardless of their acquisition date or amount. Gifts or contributions of property received are recorded at their estimated fair market value at the time received by the City.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. During the construction phase of capital assets, interest of business-type activities is included as part of the capitalized value of the assets constructed. Interest expense capitalized is offset by interest earned on project specific unspent bond proceeds. 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	\$ 2,052,578	\$ 1,820,493
Water and Sewer	5,916,397	4,562,865
Parking Systems	1,856,827	1,089,357

CITY OF MIAMI BEACH, FLORIDA
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SEPTEMBER 30, 2011
(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:

<u>Category</u>	<u>Threshold</u>	<u>Useful Life (in years)</u>
Land	Capitalize all	Not depreciable
Intangible assets	Capitalize all	Not depreciable
Construction in progress	\$100,000	Not depreciable
Building and structure	\$100,000	50 years
Permanent improvements	\$100,000	Limited to useful life of Bldg. not to exceed 35 years
Furniture & equipment	\$5,000	7 years
Motor vehicles	\$5,000	5 years
Motor vehicles greater than \$50,000	\$50,000	10 years
Maintenance and heavy moving equipment	\$5,000	15 years
Infrastructure	\$100,000	30-50 years

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

6. *Compensated Absences*

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

7. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Continued)

9. *Net Assets/ Fund Equity*

In the fund financial statements, fund balance classifications are:

- Nonspendable Fund Balance – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted Fund Balance - amounts that are restricted to specific purposes when constraints placed on the use of resources are either by (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- 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, 2011, the Government-wide statement of net assets reports \$102,111,694 in restricted net assets. Of this amount, \$56,084,615 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

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

benefits for injured employees; and the theft or accidental damage to City property (buildings and business contents).

The City established an internal service Risk Insurance Fund (the "Fund") to account for its risk financing activities. The Fund charges the operating funds insurance premiums. The accrued liability for estimated insurance claims represents an estimate of the ultimate cost of settling claims arising prior to year end, including claims incurred but not yet reported. The Fund pays for all claims and judgments made against the City for accidental losses for which the City is self-insured, and the premium costs for insurance policies to protect the City's property.

13. Employee Benefits Plans and Net Pension Asset/Obligation

The City provides separate defined benefit pension plans for general employees and for police and fire department personnel. The City no longer offers benefits under a defined contribution pension plan created in accordance with Internal Revenue Code Section 401(a) to new employees. However, current employees are still participating in the plan. The City also offers an optional deferred compensation plan 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, 2011 the City's Internal Service Self Insurance Fund has a cumulative deficit of \$7.9 million. This is a net increase of \$1.1 million from the prior year. In the fiscal year, the self insurance funds received \$19.8 million in operating revenues and \$.2 million in interest income. It also had \$22.4 million in operating expenses which includes a reduction of \$3.5 million in actuarially determined liabilities. It is the City's intention to continue to increase revenues and thus reduce the deficit in future years.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(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, 2011, 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	\$ 175,906,087	\$ 35,514,308	\$ 140,391,779
U.S. treasuries	143,022,078	71,080,929	71,941,149
Corporate bonds	28,112,427	5,078,350	23,034,077
Money Market Trust	22,930,083	22,930,083	
Repurchase agreement	149,195,167	149,195,167	
Total	\$ <u>519,165,842</u>	\$ <u>283,798,837</u>	\$ <u>235,367,005</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.

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.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Continued)

As of September 30, 2011 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	\$ 5,251,260
	Rabobank Nederland	AAA	Aaa	5,078,350
	Berkshire Hathaway	AA+	Aa2	5,367,420
	Microsoft Corporation	AAA	Aaa	5,306,615
	Wal-Mart	AA	Aa2	4,085,652
	Toyota Motor Credit	AA	Aa3	3,023,130
				<u>28,112,427</u>
US Government Agencies:				
	FHLB	AA+	Aaa	48,781,025
	FNMA	AA+	Aaa	49,016,863
	FHLMC	AA+	Aaa	44,242,396
	FFCB	AA+	Aaa	33,865,803
				<u>175,906,087</u>
Money Market Trust:				
	U. S. Government	AA+	Aaa	22,737,718
	Other	N/A	N/A	192,365
				<u>\$ 22,930,083</u>

The City's cash and investments held at September 30, 2011 (including restricted cash and cash with paying agent) are shown below:

	Carrying Amount	% of Portfolio
U.S. government agency	\$ 175,395,129	33.8 %
U.S. treasuries	142,905,479	27.6
Corporate bonds	28,044,064	5.4
Money market trust	22,930,083	4.4
Repurchase agreements	149,195,167	28.8
Total City Investments	<u>518,469,922</u>	<u>100.0 %</u>
City funds managed by others:		
Money market		
Cash with fiscal agent	250,000	
Common stock	38,558	
Demand deposit	<u>76,977,371</u>	
Total cash and investments	<u>\$ 595,735,851</u>	

CITY OF MIAMI BEACH, FLORIDA
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Schedule of cash and investments by funds:

General	\$ 55,150,759
Resort Tax	7,546,819
Redevelopment Agency	19,847,820
Capital Projects	189,109,056
Storm Water	17,347,159
Water & Sewer	100,414,561
Parking	61,244,068
Convention Center Complex	15,868,599
Internal Service	31,596,056
Agency	5,289,874
OPEB Trust	14,135,678
Nonmajor Funds	78,185,402
Total cash and investments	\$ <u>595,735,851</u>

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.

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

CITY OF MIAMI BEACH, FLORIDA
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(Continued)

fluctuations is provided in the table below that shows the distribution of the Systems investment by maturity at September 30, 2011.

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	\$ 36,850,803	\$ 9,137,600	\$ 21,518,417	\$ 6,194,786
Corporate bonds and notes	154,465,035	5,634,966	51,320,748	97,509,321
Private Placement	27,403,628	1,654,900	8,134,175	17,614,553
Total	<u>\$ 218,719,466</u>	<u>\$ 16,427,466</u>	<u>\$ 80,973,340</u>	<u>\$ 121,318,660</u>

Employees' Retirement Plan:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 21,168,647	\$ 75,697	\$ 7,630,275	\$ 13,462,675
Corporate bonds and notes	24,654,740	276,646	8,591,148	15,786,946
Aggregated bond funds	60,721,884	6,832	250,000	60,465,052
Total	<u>\$ 106,545,271</u>	<u>\$ 359,175</u>	<u>\$ 16,471,423</u>	<u>\$ 89,714,673</u>

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	\$ 848,421	\$ 104,770	\$ 463,825	\$ 279,826
Corporate bonds and notes	3,948,786	256,915	2,256,984	1,434,887
Total	<u>\$ 4,797,207</u>	<u>\$ 361,685</u>	<u>\$ 2,720,809</u>	<u>\$ 1,714,713</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	\$ 711,203	\$ 203,937	\$ 386,862	\$ 120,404
Corporate bonds	1,904,673	51,604	1,085,160	767,909
Short-term obligations	401,506	401,506		
Total	<u>\$ 3,017,382</u>	<u>\$ 657,047</u>	<u>\$ 1,472,022</u>	<u>\$ 888,313</u>

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(Continued)

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.

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, 2011.

City Pension Fund for Firefighters and Police Officers:

	Fair Value	Percentage of Portfolio
U.S. Government Securities	\$ 36,850,803	16.85 %
Quality rating of credit risk debt securities		
AA+	4,875,284	2.23
AA	10,554,249	4.83
AA-	18,633,221	8.52
AA+	25,811,403	11.80
A	58,257,789	26.63
A-	17,538,440	8.02
BBB+	13,208,133	6.04
BBB	5,586,516	2.55
Total credit risk debt securities	154,465,035	70.62
 * Not Rated	 \$ 27,403,658	 12.53 %
Total fixed income securities	\$ 218,719,496	100.00 %

* Private placement funds are comprised of international fixed income securities which are not rated by any of the U.S. national rating agencies.

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(Continued)

Fireman's Relief and Pension Fund:

	Fair Value	Percentage of Portfolio	
U.S. Government Securities	\$ 848,421	17.69	%
Quality rating of credit risk debt securities			
Aaa	100,209	2.09	
Aa1	49,100	1.02	
Aa2	309,713	6.50	
Aa3	220,836	4.60	
BAA1	163,296	3.40	
BAA2	97,564	2.00	
A1	874,468	18.20	
A2	1,697,030	35.40	
A3	436,570	9.10	
Total credit risk debt securities	<u>3,948,786</u>	<u>82.31</u>	
Total fixed income securities	\$ <u>4,797,207</u>	<u>100.00</u>	%

Miami Beach Employees' Retirement Plan:

	Fair Value	Percentage of Portfolio	
U.S. Government Securities	\$ 21,168,647	19.87	%
Quality rating of credit risk debt securities			
AAA	4,164,666	3.91	
AA+	914,281	0.86	
AA	516,511	0.48	
AA-	61,800,969	58.00	
A+	1,476,156	1.39	
A	4,208,516	3.95	
A-	3,738,631	3.51	
BBB+	3,043,866	2.86	
BBB	3,297,029	3.09	
BBB-	2,215,999	2.08	
Total credit risk debt securities	<u>85,376,624</u>	<u>80.13</u>	
Total fixed income securities	\$ <u>106,545,271</u>	<u>100</u>	%

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Continued)

Policeman's Relief and Pension Fund:

	Fair Value	Percentage of Portfolio	
U.S. Government Securities	\$ 711,203	27.18	%
Quality rating of credit risk debt securities			
AA	117,719	4.50	
A+	276,686	10.58	
A	980,568	37.49	
A-	425,618	16.27	
BBB+	104,082	3.98	
Total credit risk debt securities	<u>1,904,673</u>	<u>72.82</u>	
Total fixed income securities	\$ <u>2,615,876</u>	<u>100.00</u>	%

As of September 30, 2011 the System had the following cash and investments in its portfolio:

	Fair Value
Short term investments	\$ 401,506
U.S. government securities	59,579,074
Corporate bonds and notes	184,973,234
Common stock and index funds	252,662,199
Aggregated bond funds	60,721,884
Aggregated equity funds	282,449,053
Money market funds	6,610,602
Real Estate funds	18,432,773
Private Placements	27,403,628
Mutual funds	16,838,177
Cash	11,917,035
Total cash and investments	<u>\$ 921,989,165</u>

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.

CITY OF MIAMI BEACH, FLORIDA
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(Continued)

Discretely Presented Component Units

Component unit's cash and investment in the amount of \$3,157,856 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 Statutes. 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.

B. Receivables

Receivables at September 30, 2011 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	Redevelopment Agency	Capital Projects	Internal Service	Nonmajor Funds	Total
Receivables:							
Accounts	\$ 7,190,207	\$ 3,013,072	\$ 15,417	\$	\$ 720,742	\$ 1,643,213	\$ 12,582,651
Special Assessments		1,023,623		59,729			1,083,352
Taxes	7,434,670					194,662	7,629,332
Gross receivables	14,624,877	4,036,695	15,417	59,729	720,742	1,837,875	21,295,335
Less: allowance for uncollectible accounts	(3,156,101)		(15,417)		(17,087)	(865,525)	(4,054,130)
Net total receivables	\$ 11,468,776	\$ 4,036,695	\$	\$ 59,729	\$ 703,655	\$ 972,350	\$ 17,241,205

Business-type Activities						
	Storm Water	Water and Sewer	Parking	Convention Center Complex	Nonmajor Funds	Total
Receivables:						
Accounts	\$ 1,764,613	\$ 8,242,956	\$ 4,374,362	\$ 2,393,019	\$ 2,006,000	\$ 18,780,950
Gross receivables	1,764,613	8,242,956	4,374,362	2,393,019	2,006,000	18,780,950
Less: allowance for uncollectible accounts	(665,912)	(1,273,812)	(24,537)	(35,769)	(819,912)	(2,819,942)
Net total receivables	\$ 1,098,701	\$ 6,969,144	\$ 4,349,825	\$ 2,357,250	\$ 1,186,088	\$ 15,961,008

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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.

C. Capital assets

Capital asset activities for the year ended September 30, 2011 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	289,008,192	46,186,126	111,019,351	224,174,967
Total capital assets, not being depreciated	339,022,349	46,186,126	111,019,351	274,189,124
Capital assets, being depreciated:				
Building	106,824,647	2,485,699		109,310,346
Permanent improvements	165,551,394	51,659,326	4,433,016	212,777,704
Furniture & fixtures	2,927,120	82,794	214,493	2,795,421
Equipment	74,637,686	4,698,672	9,071,542	70,264,816
Infrastructure	120,719,655	39,351,878		160,071,533
Total capital assets, being depreciated	470,660,502	98,278,369	13,719,051	555,219,820
Less: accumulated depreciation for:				
Building	45,511,745	2,120,342		47,632,087
Permanent improvements	75,058,912	9,439,553	4,411,984	80,086,481
Furniture & fixtures	2,304,442	209,975	140,794	2,373,623
Equipment	56,927,876	7,291,242	8,551,934	55,667,184
Infrastructure	93,110,933	4,333,995		97,444,928
Total accumulated depreciation	272,913,908	23,395,107	13,104,712	283,204,303
Total capital assets, being depreciated, net	197,746,594	74,883,262	614,339	272,015,517
Governmental activities capital assets, net	\$ 536,768,943	\$ 121,069,388	\$ 111,633,690	\$ 546,204,641

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(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	206,763,083	36,888,896	44,768,277	198,883,702
Total capital assets, not being depreciated	<u>235,355,550</u>	<u>36,888,896</u>	<u>44,768,277</u>	<u>227,476,169</u>
Capital assets, being depreciated:				
Main & lines	98,041,113	27,457,515	297,787	125,200,841
Building & structure	239,367,883	20,488,287		259,856,170
Meters & hydrants	15,066,415	173,992		15,240,407
Furniture, equipment & vehicles	66,571,774	8,465,223	955,594	74,081,403
Improvements other than building	11,175,837	6,489,720		17,665,557
Total capital assets, being depreciated	<u>430,223,022</u>	<u>63,074,737</u>	<u>1,253,381</u>	<u>492,044,378</u>
Less: accumulated depreciation for:				
Main & lines	25,984,660	2,590,422	297,787	28,277,295
Building & structure	94,227,220	3,463,462		97,690,682
Meters & hydrants	9,463,730	300,056		9,763,786
Furniture, equipment & vehicles	28,193,987	5,555,871	950,977	32,798,881
Improvements other than building	4,634,588	2,772,090		7,406,678
Total accumulated depreciation	<u>162,504,185</u>	<u>14,681,901</u>	<u>1,248,764</u>	<u>175,937,322</u>
Total capital assets, being depreciated, net	<u>267,718,837</u>	<u>48,392,836</u>	<u>4,617</u>	<u>316,107,056</u>
Business-type activities, combined capital assets, net	<u>\$ 503,074,387</u>	<u>\$ 85,281,732</u>	<u>\$ 44,772,894</u>	<u>\$ 543,583,225</u>

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

Governmental activities:

General government	\$ 12,528,771
Public safety	1,433,323
Physical environment	267,028
Transportation	5,853,493
Economic environment	77,333
Culture and recreation	<u>3,235,159</u>
Total depreciation expense - governmental activities	<u>\$ 23,395,107</u>

Business-type activities

Storm Water	\$ 684,033
Water & Sewer	4,034,714
Parking Systems	3,254,856
Convention Center Complex	5,573,691
Nonmajor enterprise	<u>1,134,607</u>
Total depreciation expense - business-type activities	<u>\$ 14,681,901</u>

Accumulated Depreciation – For governmental activities, the increase in accumulated depreciation includes \$6,568,595 of depreciation expenses for internal services.

D. Construction and other commitments

At September 30, 2011 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	\$ 40,665,402
Storm Water Utility	19,322,619
Water & Sewer	13,495,333
Parking Systems	1,019,483
Convention Center Complex	1,536,843
Non-major Enterprise	<u>2,831</u>
	<u>\$ 76,042,511</u>

The City funds had the following encumbrance commitments at September 30, 2011

General	\$ 272,922
Redevelopment Agency	31,007
Capital Project	40,665,402
Other Governmental	<u>6,190,634</u>
	<u>\$ 47,159,965</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Continued)

E. Interfund receivables, payables and transfers

Interfund balances at September 30, 2011 consist of the following:

Due To	Due From							Total
	General	Redevelopment Agency	Capital Projects	Other Governmental	Water & Sewer	Other Enterprise	Internal Service	
General	\$	\$ 39,192	\$	\$ 64	\$	\$ 6,109	\$ 662,494	\$ 707,859
Resort Tax		578,425					5,062	583,487
Redevelopment Agency	682,580			1,051		952,376	100,393	1,736,400
Capital Projects	278,723		13,849					292,572
Other Governmental	234,365			5,311			11,918	251,594
Stormwater							14,535	14,535
Water & Sewer							56,586	56,586
Parking		322				43,045	70,733	114,100
Convention Center							349	349
Other Enterprise	79,025	946			62,971		118,078	261,020
Internal Service	33,407						389,704	423,111
	<u>\$ 1,308,100</u>	<u>\$ 618,885</u>	<u>\$ 13,849</u>	<u>\$ 6,426</u>	<u>\$ 62,971</u>	<u>\$ 1,001,530</u>	<u>\$ 1,429,852</u>	<u>\$ 4,441,613</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, 2011 consisted of the following:

Transfer Out	Transfer In										Total
	General	Resort Tax	Redevelopment Agency	Capital Projects	Other Governmental	Storm Water	Parking	Convention Center	Other Enterprise	Internal Service	
General	\$	\$ 26,465,440	\$	\$	\$	\$	\$ 4,150,000	\$	\$	\$	\$ 30,615,440
Redevelopment Agency		4,492,075									4,492,075
Capital Projects	9,480	6,268,300	136,758	736,772							7,151,310
Other Governmental	6,952,808	2,360,135	10,098,122	71,001	1,600,035	5,158	658,972		5,736	71,210	21,823,177
Storm Water				40,000							40,000
Parking					185,115		189,722				374,837
Other Enterprise						584,000	365,170			2,937	952,107
Internal Service	715,000										715,000
	<u>\$ 7,677,288</u>	<u>\$ 39,585,950</u>	<u>\$ 10,234,880</u>	<u>\$ 847,773</u>	<u>\$ 1,785,150</u>	<u>\$ 589,158</u>	<u>\$ 5,363,864</u>	<u>\$ -</u>	<u>\$ 5,736</u>	<u>\$ 74,147</u>	<u>\$ 66,163,946</u>

CITY OF MIAMI BEACH, FLORIDA
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(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 transferred \$4.9 million for debt service payments, \$1.8 million for capital renewal and replacement and \$.7 million to the Information and Technology Fund.

\$26.4 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 \$4.5 million to the Redevelopment Agency Fund for debt service payments and \$6.3 million was transferred to Capital Projects Fund to fund various approved capital projects.

\$.1 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.

\$3.6 million was transferred from the Parking Systems fund to the general fund for operating activities.

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, 2011, are as follows:

September 30	Business-type Operating Leases	Governmental Operating Leases
2012	\$ 1,376,023	\$ 2,446,906
2013	1,324,780	2,526,046
2014	1,213,204	2,360,269
2015	1,050,230	2,273,200
2016	940,784	2,097,896
2017 and thereafter	26,077,792	26,624,400
	\$ <u>31,982,813</u>	\$ <u>38,328,717</u>

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The following schedule provides an analysis of the City's investment in property under operating leases and property held for lease by major classes as of September 30, 2011:

Parking facilities	\$ 3,057,742
Recreational facilities	15,380,587
Retail space	50,081,924
Marina	5,654,752
	<u>74,175,005</u>
Less: Accumulated depreciation	<u>(37,104,888)</u>
Net book value of leased assets	<u><u>\$ 37,070,117</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 \$68,280,000. 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, 2011 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 09/30/2011</u>
1985B Gulf Breeze	4.55-5.40	2000	2013	\$ 15,910,000	\$ 4,620,000
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>49,570,000</u>
Total General Obligation Bonds				<u><u>\$ 92,465,000</u></u>	<u><u>\$ 68,280,000</u></u>

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(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
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	3,375,000	2,620,262	5,995,262
2017-2021	19,770,000	10,136,191	29,906,191
2022-2026	12,170,000	6,218,206	18,388,206
2027-2031	14,255,000	3,461,675	17,716,675
2032-2033	6,630,000	450,675	7,080,675
	<u>68,280,000</u>	<u>34,822,787</u>	<u>103,102,787</u>
Plus: Unamortized Bond Premium	262,223		262,223
	<u>\$ 68,542,223</u>	<u>\$ 34,822,787</u>	<u>\$ 103,365,010</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, 2011 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	\$ 955,000
1985C	Series 2001 Gulf Breeze fixed rate	Non Ad-Valorem	14,301,954	6,113,934
1985E	Gulf Breeze fixed rate	Non Ad-Valorem	22,500,000	12,670,000
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	37,095,000
2005A	Tax Increment Revenue Refunding Bonds	RDA Tax increment Revenue	51,440,000	41,335,000
2005B	Tax Increment Revenue Refunding Bonds	RDA Tax increment Revenue	29,330,000	23,700,000
Total Special Obligation Bonds			<u>\$ 201,906,954</u>	<u>\$ 131,868,934</u>

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(Continued)

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

On 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/deleased 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, 2011.

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, 2011, \$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 relates to the construction of a Parking Garage. The Parking Enterprise Fund includes an outstanding amount of \$3,481,058 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

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(Continued)

of net assets. At September 30, 2011, \$1,470,000 is still considered defeased.

At September 30, 2011 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
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	12,754,492	4,328,256	17,082,748
2017-2021	57,800,000	12,235,994	70,035,994
2022-2023	16,080,000	839,627	16,919,627
	<u>131,868,934</u>	<u>40,400,883</u>	<u>172,269,817</u>
Plus: Net unamortized Bond Premium	780,827		780,827
	<u>\$ 132,649,761</u>	<u>\$ 40,400,883</u>	<u>\$ 173,050,644</u>

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, 2011, debt service on the tax increment bonds was \$8,393,254 and tax increment revenues totaled \$33,162,415. Remaining outstanding principal and interest is \$101,012,341.

3. Revenue bonds – Business-Type Activities

a. Parking Fund

On August 28, 1997, the City issued \$21,000,000 Parking Revenue Bonds, Series 1997 (the "Series 1997 Bonds"). The bonds were issued for the purpose of, together with other available monies, (a) improving and expanding the City's Parking System, (b) funding a deposit to the Reserve Account for the Series 1997 Bonds and (c) paying the costs of issuing the 1997 Bonds, including a premium for municipal bond insurance. The 1997 Bonds are due in annual principal installments that range from \$50,000 to \$2,070,000 through September 1, 2022, with semiannual interest payments that range from 4% to 5.125% per annum, due each March 1 and September 1. The 1997 Bonds are payable from and secured by a first lien on and a pledge of the net revenue derived from the operations of the Parking System of the City on a parity with any additional bonds hereafter issued. The Series 1997 revenue bonds were currently refunded on November 16, 2010 by the issuance of the Parking Revenue Refunding Bonds, Series, Taxable Series 2010A. The proceeds from the Series 2010A were deposited in an irrevocable trust with an escrow agent to currently refund the Series 1997 bonds. See Current Refunding footnote for more details on this refunding.

On August 1, 2001, the City executed three loan agreements with the City of Gulf Breeze, Florida, Local Government Pool to borrow \$47,145,000 on fixed rate notes. A portion of the \$22,445,000, Gulf Breeze Series 1985 C, one of three loans, is allocated to the Fund. The principal is to be repaid in 14 annual installments commencing December 1, 2002 with interest paid semiannually. A portion of the Gulf Breeze 1985 C outstanding debt relates to the construction of a parking garage. The Fund includes an outstanding amount of \$3,481,058 related to this debt.

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(Continued)

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

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

The Parking Revenue Fund had the following changes in its current and Long-Term debt outstanding for the year ended September 30, 2011:

Indebtedness	Balance 10/01/2010	New Debt Issued	Debt Repaid/ Refunded	Balance 09/30/2011
1997 bonds	\$ 19,195,000	\$	\$ 19,195,000	\$
Series 2001 (1985C)	4,086,934		605,876	3,481,058
2010A Bonds		17,155,000	1,410,000	15,745,000
2010B Bonds		27,405,000		27,405,000
	<u>\$ 23,281,934</u>	<u>\$ 44,560,000</u>	<u>\$ 21,210,876</u>	<u>\$ 46,631,058</u>

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>\$ 0</u>
\$ 8,143,046	Series 2001 (1985C) Gulf Breeze Loan Pool due in annual installments through 2015: interest at 3.875% - 4.75% <u>\$ 3,481,058</u>
\$ 17,155,000	Series 2010A Parking Revenue Refunding Bonds due in annual installments through 2022: interest at 3.00% - 5.00% <u>\$ 15,745,000</u>
\$ 27,405,000	Series 2010B Parking Revenue Bonds due in annual installments through 2040: interest at 4.00% - 5.00% <u>\$ 27,405,000</u>

At September 30, 2011, none of the bonds outstanding are considered defeased.

The aggregate maturities of Long-Term Debt at September 30, 2011, are as follows:

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(Continued)

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2012	\$ 1,909,458	\$ 2,121,142	\$ 4,030,600
2013	1,972,110	2,050,454	4,022,564
2014	2,049,762	1,977,231	4,026,993
2015	2,134,228	1,888,344	4,022,572
2016	2,230,500	1,796,643	4,027,143
2017-2021	8,310,000	7,906,463	16,216,463
2022-2026	5,890,000	6,171,969	12,061,969
2027-2031	6,270,000	4,888,031	11,158,031
2032-2036	7,950,000	3,210,000	11,160,000
2037-2040	7,915,000	1,013,500	8,928,500
	46,631,058	33,023,777	79,654,835
Plus: net unamortized Bond premium	270,453		270,453
Less: Deferred Refunding cost	935,627		935,627
	\$ 45,965,884	\$ 33,023,777	\$ 78,989,661

The Series 2010A and 2010B revenue bonds are payable from and secured by a lien on and pledge of net revenues derived from the operation of the City's parking system. The total principal and interest remaining to be paid on all Parking bonds is \$ 79,654,835. Principal and interest paid for the current year and total customer net revenues were \$3,789,416 and \$10,546,237 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 Water and Sewer Revenue Bonds, Taxable Series 2006B-2, \$27,500,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series, 2006C, and \$5,700,000 in Water and Sewer Revenue Bonds, Taxable Series 2006E. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The Refunding bonds were issued to refund the Water and Sewer Revenue Bonds, Series 1995, and the other two bonds were issued to construct various improvements and extensions to the Water and Sewer utility.

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(Continued)

On February 17, 2010, the City obtained three loans from the City of Gulf Breeze, Florida Local Government Loan Pool Program. The City intends to use one of the loans from the City of Gulf Breeze, Florida, Series 1985J proceeds to pay the cost of certain improvements to its water and sewer utility. As evidence of such loans, the City's Water and Sewer Fund issued \$13,590,000 in Water and Sewer Revenue Refunding Bonds, 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, 2011 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>\$ 9,290,000</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>

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(Continued)

At September 30, 2011, none of the bonds outstanding are considered defeased.

The aggregate maturities of Long-term debt as of September 30, 2011 are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
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	3,770,000	5,111,732	8,881,732
2017-2021	35,105,000	21,493,687	56,598,687
2022-2026	21,825,000	15,805,144	37,630,144
2027-2031	19,005,000	9,956,975	28,961,975
2032-2036	15,030,000	5,694,500	20,724,500
2037-2040	14,970,000	1,542,500	16,512,500
	<u>126,210,000</u>	<u>81,814,722</u>	<u>208,024,722</u>
Less:			
Unamortized Discount	181,395		181,395
Deferred refunding cost	471,886		471,886
	<u>\$ 125,556,719</u>	<u>\$ 81,814,722</u>	<u>\$ 207,371,441</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 \$208,024,722. Principal and interest paid for the current year and total customer net revenues were \$9,891,735 and \$17,002,751 respectively.

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.

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(Continued)

Indebtedness of the Storm Water Fund at September 30, 2011 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, 2011 are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2012	\$ 1,400,000	\$ 2,028,670	\$ 3,428,670
2013	1,430,000	1,996,080	3,426,080
2014	1,470,000	1,955,808	3,425,808
2015	1,510,000	1,908,833	3,418,833
2016	1,565,000	1,854,196	3,419,196
2017-2021	10,935,000	8,218,774	19,153,774
2022-2026	12,430,000	5,414,106	17,844,106
2027-2030	12,550,000	1,730,750	14,280,750
	<u>43,290,000</u>	<u>25,107,217</u>	<u>68,397,217</u>
Less:			
Unamortized Discount	208,187		208,187
Deferred refunding cost	381,600		381,600
	<u>\$ 42,700,213</u>	<u>\$ 25,107,217</u>	<u>\$ 67,807,430</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 \$68,397,217. Principal and interest paid for the current year and total customer net revenues were \$2,042,670 and \$8,002,680 respectively.

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% to 4.5%. At September 30, 2011, the City was indebted for \$11,108,327.

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(Continued)

The aggregate maturities of loans at September 30, 2011 are as follows:

Ending September 30	Principal	Interest	Total
2012	\$ 2,844,412	\$ 312,861	\$ 3,157,273
2013	2,773,354	224,081	2,997,435
2014	2,211,050	143,463	2,354,513
2015	1,870,284	80,080	1,950,364
2016	880,695	32,651	913,346
2017-2021	528,532	29,091	557,623
	<u>\$ 11,108,327</u>	<u>\$ 822,227</u>	<u>\$ 11,930,554</u>

The above debt has been recorded in the following funds:

Internal Service	\$ 9,438,480
Stormwater	203,306
Water & Sewer	415,177
Parking	482,094
Other Enterprise	569,270
	<u>\$ 11,108,327</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, 2011, the outstanding balance on the amount drawn was \$840,000. 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. At September 30, 2011, the outstanding balance on this loan was \$14,039,432. 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, \$759,774 was added to the principal balance as of September 30, 2011, the remaining \$345,926 will be added to the principal balance in fiscal year 2012. Principal and interest payment will be made monthly commencing May 25, 2012 and mature on April 25, 2025.

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Continued)

The aggregate maturities of other long-term obligations at September 30, 2011 are as follows:

Fiscal Year Ending September 30	Long-term Obligation	Interest	Total
2012	\$ 445,091	\$ 253,328	\$ 698,419
2013	809,266	583,616	1,392,882
2014	879,412	556,137	1,435,549
2015	954,201	525,639	1,479,840
2016	823,894	491,921	1,315,815
2017-2021	5,518,879	1,842,258	7,361,137
2022-2025	5,794,615	464,792	6,259,407
	<u>\$ 15,225,358</u>	<u>\$ 4,717,691</u>	<u>\$ 19,943,049</u>
Less: Net Interest added to principal	<u>345,926</u>		<u>345,926</u>
	<u><u>\$ 14,879,432</u></u>	<u><u>\$ 4,717,691</u></u>	<u><u>\$ 19,597,123</u></u>

On May 13, 2009, the City of Miami Beach issued Resolution 2009-27076 which authorized the issuance of three lines of credit not to exceed an aggregate 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 principal balance together with all accrued and unpaid interest on November 21, 2010 (the "Maturity Date"). As of September 30, 2011, no amounts have been drawn down from any of the lines of credit. These lines of credit matured on November 21, 2010 and were not renewed or extended.

On January 19, 2011, the City of Miami Beach issued Resolution No. 2011-27590 which authorized the issuance of a new 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"). As of September 30, 2011, no amounts have been drawn down from this line of credit.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Continued)

6. Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2011 is as follows:

Governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation	\$ 70,985,000		\$ 2,705,000	\$ 68,280,000	\$ 2,815,000
Special obligation	141,783,058		9,914,124	131,868,934	10,370,542
Net unamortized bond premium	1,194,308		142,122	1,052,186	134,475
Total bonds payable	<u>213,962,366</u>		<u>12,761,246</u>	<u>201,201,120</u>	<u>13,320,017</u>
Claims and judgments	24,894,296	26,347,065	23,169,946	28,071,415	7,717,913
Compensated absences	18,083,551	8,640,453	6,553,105	20,170,899	6,553,105
Other obligations	14,515,658	573,774	210,000	14,879,432	445,091
OPEB obligation	15,086,123	7,788,850		22,874,973	
Loans payable	8,949,238	3,000,540	2,511,298	9,438,480	2,486,225
Governmental activity Long-term liabilities	<u>\$ 295,491,232</u>	<u>\$ 46,350,682</u>	<u>\$ 45,205,595</u>	<u>\$ 296,636,319</u>	<u>\$ 30,522,351</u>

Business-type activities:

Revenue bonds payable	\$ 196,711,934	\$ 44,560,000	\$ 25,140,876	\$ 216,131,058	\$ 7,409,458
Unamortized bond discount and deferred costs	1,670,247	656,264	418,269	1,908,242	89,123
Total bonds payable	<u>195,041,687</u>	<u>43,903,736</u>	<u>24,722,607</u>	<u>214,222,816</u>	<u>7,320,335</u>
Loans payable	1,220,452	711,148	261,753	1,669,847	358,187
Environmental remediation liability	1,000,000			1,000,000	
Compensated absences	1,898,108	1,196,106	1,112,220	1,981,994	1,112,220
Deposits	8,904,257	4,559,985	3,744,813	9,719,429	6,262,572
Business-type activity Long-term liabilities	<u>\$ 208,064,504</u>	<u>\$ 50,370,975</u>	<u>\$ 29,841,393</u>	<u>\$ 228,594,086</u>	<u>\$ 15,053,314</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, 2011, \$1,198,401 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, 2011
(Continued)

7. Subsequent Events

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

On December 1, 2011, the City issued \$34,840,000 in General Obligation Refunding Bonds, Series 2011. This Series of bonds are being issued by the City for the purpose of (i) refunding the Series 2000 General Obligation Bonds maturing after December 1, 2011, and the Series 2003 General Obligation Bonds maturing on and after September 1, 2104 through and including September 1, 2023, and (ii) paying the costs of issuance of the Bonds. The General Obligation Refunding Bonds, Series 2011 will be payable from ad valorem taxes assessed, levied and collected, without limitation as to rate or amount, on all taxable property within the corporate limits of the City.

8. Current Refundings

On November 16, 2010, the City issued \$17,155,000 in Parking Revenue Refunding Bonds, Taxable Series 2010A, with interest rates ranging from 3.00% to 5.00%, depending on the maturity. The proceeds of these refunding bonds were used to currently refund the Parking Revenue Bonds, Series 1997 of which the outstanding balance was \$19,195,000. The proceeds of \$17,155,000 from the Parking Revenue Refunding Bonds, Series 2010A, 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 approximately \$1,930,000 on these bonds. The table below shows the difference in debt service between the refunding debt and the refunded debt:

	Series 2010A (Refunding Debt)			Series 1997 (Refunded Debt)		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 1,410,000	\$ 547,279	\$ 1,957,279	\$ 1,205,000	\$ 975,431	\$ 2,180,431
2012	1,280,000	649,000	1,929,000	1,265,000	915,181	2,180,181
2013	1,310,000	610,600	1,920,600	1,325,000	851,932	2,176,932
2014	1,355,000	571,300	1,926,300	1,395,000	785,681	2,180,681
2015	1,405,000	517,100	1,922,100	1,460,000	715,931	2,175,931
2016	1,465,000	460,900	1,925,900	1,535,000	642,931	2,177,931
2017	1,525,000	402,300	1,927,300	1,615,000	564,263	2,179,263
2018	1,590,000	331,550	1,921,550	1,695,000	481,494	2,176,494
2019	1,660,000	267,950	1,927,950	1,785,000	394,625	2,179,625
2020	1,725,000	201,550	1,926,550	1,875,000	303,144	2,178,144
2021	1,810,000	115,300	1,925,300	1,970,000	207,050	2,177,050
2022	620,000	24,800	644,800	2,070,000	106,088	2,176,088
	<u>\$ 17,155,000</u>	<u>\$ 4,699,629</u>	<u>\$ 21,854,629</u>	<u>\$ 19,195,000</u>	<u>\$ 6,943,751</u>	<u>\$ 26,138,751</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(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, 2011. 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, 2011
(Continued)

Below is a table of fund balance categories and classifications at September 30, 2011 for the City's governmental funds:

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental
Fund balances:					
Non-spendable:					
Prepays	\$ 78,020	\$	\$ 4,490	\$	
Restricted:					
General government					1,161,494
Building operations reserves	4,653,291				3,349,599
Human services					146,212
Physical environment					20,506
Economic environment			16,597,248		2,216,333
Transportation					25,297,720
Culture and recreation		10,107,710			115,867
Capital projects				152,272,597	
Debt service					8,617,415
Committed:					
Public safety					
Culture and recreation					5,400,414
Encumbrances	272,922				
Capital projects				30,527,656	
Capital reserves					6,697,878
Assigned:					
Future budget shortfalls	7,378,120				
Emergencies	40,486,967				
Public safety					53,020
Unassigned:					
General government	1,077,369				
Reimbursable grants funds				(839,562)	(244,398)
Reimbursable boardup/ Relocation charges					(93,714)
Non-reimbursable grant funds					(221,779)
Non-reimbursable capital expenditures				(1,046,285)	
Unrealized gains	1,828,878				
Total Fund Balance	\$ <u>55,775,567</u>	\$ <u>10,107,710</u>	\$ <u>16,601,738</u>	\$ <u>180,914,406</u>	\$ <u>52,516,567</u>

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The City is pending reimbursement from various grantors for the reimbursable grant funds balance of \$1,083,960.

The City is pending reimbursement for the \$93,714 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 fund consist of \$221,779 from the State of Florida HRS 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 is \$1,046,285 from the Bass Museum expansion and renovation. This 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 2011 the City's paid \$1.9 million in property insurance premium.

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
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(Continued)

The following are the changes in the funds' claims liability amount during fiscal years 2010 and 2011 respectively:

	2010	2011
Unpaid claims, beginning of year	\$ 24,572,840	\$ 23,198,123
Incurred claims (includes incurred but not yet reported)	3,923,995	8,922,631
Less: claim payments	5,298,712	5,447,958
Unpaid claims, end of year	<u>\$ 23,198,123</u>	<u>\$ 26,672,796</u>

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

The following are the changes in the funds' claims liability amount during fiscal years 2010 and 2011 respectively:

	2010	2011
Unpaid claims, beginning of year	\$ 1,696,173	\$ 1,696,173
Incurred claims (includes incurred but not yet reported)	16,958,487	17,721,988
Less: claim payments	16,958,487	18,019,542
Unpaid claims, end of year	<u>\$ 1,696,173</u>	<u>\$ 1,398,619</u>

2. Significant Commitments and Contingencies

- a. The City, in the normal course of operations, is a party to various other actions in which plaintiffs have alleged certain damages. In all cases, management does not believe the disposition of these matters will materially affect the financial position of the City. 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, 2011, the City has recorded a pollution remediation liability of \$1 million in Sanitation fund and in the business-type activities.

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NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(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, 2010 membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>1,145</u>
Current Employees	<u>1,117</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 1, 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.

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(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. Third Tier members may participate in a DROP account for up to five years. 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

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(Continued)

calculation shall be frozen. At September 30, 2011 and 2010, there were 59 and 49 DROP participants, respectively.

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 8.25%, 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 range from 5.5%-8.0% 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, 2011, the City was required to make contributions of \$14,474,678 or 21.86% of covered payroll to the Plan in accordance with actuarially determined requirements computed through an actuarial valuation performed as of October 1, 2010. For the year ended September 30, 2011, the employees contributed \$6,494,016 and buybacks were \$784,311.

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

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, Closed
Actuarial Assumptions:	
Investment rate of return	8.25%
Projected salary increases	Salary increases range from 5.5%-8.0% based on merit and seniority.
Inflation	4%
COLA	2.5%, members hired after September 30, 2010 are at 1.5%.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
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(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
2009	\$ 12,863,823	\$ 12,863,823	100%
2010	17,137,394	17,137,394	100%
2011	14,474,678	14,474,678	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, 2011, 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
10/01/2010	\$ 431,479	\$ 580,246	\$ 148,767	74.4%	\$ 68,844	216.1%

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, 2011, 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, 2011
(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, 2011, \$11,316,020 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, 2011
(Continued)

At October 1, 2010 the plan membership consisted of the following:

	As of October 1, 2010
Active Members	468
Deferred Vested Members	13
Retired Members:	
a. Service	484*
b. Disabled	59
c. Beneficiaries	88
	<u>631</u>
Total	<u>1,112</u>

* 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, 2011, was \$32,811,570 and covered payroll was approximately \$49,041,000. The contribution required from the City and the State of Florida for the fiscal year ended September 30, 2011, was actuarially determined by the October 1, 2009 valuation to be \$32,811,570. The actuarially computed annual covered payroll used in the October 1, 2009 valuation was \$41,574,935. The annual pension cost was \$32,811,570 for the fiscal year ended September 30, 2011.

Significant actuarial assumptions used include: (a) investment return of 8.2%; (b) projected salary increases of 2.87%-9.87% including 3.5% for inflation.

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

Actuarial Cost Method	Entry age Normal
Amortization Method	Level percentage, closed
Remaining amortization period	21 – 30 years
Asset Valuation Method	Market Related Value
Actuarial Assumptions:	
Investment rate of return*	8.20%
Projected salary increases	2.87% - 9.87%

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(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
2009	\$ 20,159,995	\$ 20,159,995	100%
2010	23,403,818	23,403,818	100%
2011	32,811,570	32,811,570	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, 2011, 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
10/01/2010	\$ 525,709,407	\$ 817,640,913	\$ 291,931,506	64.3%	\$ 40,031,374	729.3%

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, 2011 was \$1,555,740 for firefighters and \$524,928 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, 2011
(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, 2011 is a follows:

Members in the Plan		44
City's contribution	\$ 230,794	
Percentage of covered payroll		9.48%
Employees' contribution	203,414	
Percentage of covered payroll		8.36%

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Continued)

maximum of \$125, thereafter.

2. Life Insurance (\$1,000)

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

At October 1, 2010 the date of the latest actuarial valuation, plan participation consisted of

OPEB plan participants	2,038
Retirees receiving benefits	810

ii. Funding policy

The City has the authority to establish and amend funding policy. For the year ended September 30, 2011, the City paid \$7.3 million in OPEB benefits on a pay-as-go basis and \$3.3 million to the Trust. The City's net OPEB obligation at September 30, 2011 was \$22.9 million. It is the City's intent to base future Trust contributions on the annual required contribution (ARC) in subsequent annual actuarial reports, however, no Trust contributions are legally or contractually required.

iii. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 18,122
Interest on net OPEB obligation	1,207
Adjustment to annual required contribution	<u>(872)</u>
Annual OPEB cost (expense)	18,457
Contributions made	<u>10,669</u>
Net OPEB obligation	7,788
Net OPEB obligation - beginning of year	<u>15,087</u>
Net OPEB obligation - end of year	<u><u>\$ 22,875</u></u>

iv. Trend Information

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

2009	\$ 16,008,000	57%	\$ 6,908,123
2010	16,451,000	50%	15,086,123
2011	18,457,000	58%	22,875,000

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(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
10/01/2010	\$ 10,684,000	\$ 201,914,000	\$ 191,230,000	5.3%	\$ 108,515,471	56.7%

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.

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)	8.0%
Projected annual salaries increases	3.5%
Inflation rate assumption	3.0%
Healthcare cost trend rate	

	Select	%	Ultimate	%
Medical	11		5	
Medicare Part B	6		5	
Dental	5		5	

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Continued)

OPEB Trust Fund financial statements for the fiscal year ended September 30, 2011 are as follows:

Statement of Fiduciary Net Assets September 30, 2011		Statement of Change in Fiduciary Net Assets September 30, 2011	
		Additions	
Cash	\$ 14,135,678	Employer contribution	\$ 3,321,150
Total Assets	<u>14,135,678</u>	Interest and dividends income	<u>130,916</u>
		Net increase	3,452,066
Liabilities		Assets held in Trust	
Total liabilities		Beginning of year	<u>10,683,612</u>
Net Assets	\$ <u>14,135,678</u>	End of Year	\$ <u>14,135,678</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
10/1/08	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
10/1/10	431,479	580,246	148,767	74.4	68,844	216.1

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
10/1/08	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
10/1/10	525,709	817,641	291,932	64.3	40,031	729.3

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
10/1/08	\$ 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
10/1/10	10,684	201,914	191,230	5.3	108,515	56.7

*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, 2011
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 112,245,132	\$ 110,548,848	\$ 110,548,848	\$
Sales, use and fuel taxes	1,511,000	1,511,000	1,498,802	(12,198)
Utility	10,010,000	10,010,000	10,209,678	199,678
Local business	4,035,000	4,035,000	4,242,891	207,891
Communication Service	6,642,000	5,298,726	5,859,093	560,367
Franchise fees	8,765,600	8,765,600	8,005,556	(760,044)
Permits	10,454,537	13,253,414	12,649,435	(603,979)
Intergovernmental	8,450,703	8,804,267	8,918,255	113,988
Charges for services	10,046,154	10,123,779	10,153,019	29,240
Rents and leases	4,712,457	5,299,835	5,459,649	159,814
Interest income	3,552,000	2,328,465	2,328,465	
Fines and forfeits	3,163,263	2,606,246	2,679,241	72,995
Administrative fees	15,630,760	14,919,549	14,830,787	(88,762)
Other	4,470,359	4,121,500	4,394,553	273,053
Total revenues	203,688,965	201,626,229	201,778,272	152,043
Expenditures				
General government:				
Mayor and Commission	1,529,094	1,475,869	1,475,869	
City Manager	2,324,409	2,105,409	2,105,409	
City Clerk	1,481,450	1,348,513	1,348,513	
Budget and Performance Management	1,797,847	1,747,077	1,747,077	
Finance	4,087,807	4,004,276	4,004,276	
Human Resources	1,690,889	1,656,055	1,656,055	
Procurement	967,300	949,401	949,401	
City Attorney	3,952,109	3,947,977	3,947,977	
Planning	3,086,728	2,977,485	2,977,485	
Media Relations	878,482	844,890	844,890	
Public Works	2,645,432	2,380,788	2,380,788	
Capital Improvement	4,513,236	3,842,026	3,842,026	
Unclassified	6,200,903	4,441,411	4,441,411	
Total general government	35,155,686	31,721,177	31,721,177	
Public safety:				
Building Services	9,286,984	9,345,352	9,345,352	
Code Compliance	4,133,116	4,151,009	4,151,009	
Fire	54,327,109	54,111,491	54,111,491	
Police	86,224,949	85,284,614	85,284,614	
Emergency 911	578,400	351,168	351,168	
Total public safety	154,550,558	153,243,634	153,243,634	
Physical Environment	2,467,715	2,623,921	2,618,574	5,347
Transportation	4,017,134	3,377,605	3,372,817	4,788
Economic Environment	1,520,104	1,409,939	1,409,939	
Human Services	518,455	527,919	527,860	59
Culture and recreation	30,467,809	29,707,524	29,702,886	4,638
Capital Outlay		193,802	193,802	
Debt service:				
Principal retirement	1,215,222	720,000	720,000	
Interest and fiscal charges	104,100	603,578	603,578	
Total expenditures	230,016,783	224,129,099	224,114,267	14,832
Excess (deficiency) of revenues over (under) expenditures	(26,327,818)	(22,502,870)	(22,335,995)	166,875
Other financing sources (uses)				
Transfers in	28,615,440	30,615,440	30,615,440	
Transfers out	(7,501,331)	(7,677,288)	(7,677,288)	
Reserves for future expenditures		(6,052,832)		6,052,832
Sale of capital assets	10,000	10,000	14,592	4,592
Total other financing sources	21,124,109	16,895,320	22,952,744	6,057,424
Net change in fund balances	(5,203,709)	(5,607,550)	616,749	6,224,299
Fund balances - beginning of year	55,158,818	55,158,818	55,158,818	
Fund balances - end of year	\$ 49,955,109	\$ 49,551,268	\$ 55,775,567	\$ 6,224,299

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, 2011
(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	\$ 40,479,280	\$ 45,374,067	\$ 48,773,891	\$ 3,399,824	\$	\$	\$	\$
Tax increment					33,450,944	33,700,525	33,162,415	(538,110)
Rents and leases							84,166	84,166
Interest income	200,000	200,000	119,568	(80,432)	200,000	200,000	35,631	(164,369)
Special assessment	599,701	599,701	721,440	121,739				
Other		54,484	13,176	(41,308)			27,982	27,982
Total revenues	41,278,981	46,228,252	49,628,075	3,399,823	33,650,944	33,900,525	33,310,194	(590,331)
Expenditures								
General government	1,085,050	1,068,652	1,068,652		6,100,503	6,374,737	6,157,801	216,936
Public safety					3,052,215	3,052,215	2,753,374	298,841
Economic environment					15,000,000	15,000,000	15,000,000	
Culture and recreation	7,350,957	7,305,908	7,305,908					
Capital Outlay								
Total expenditures	8,436,007	8,374,560	8,374,560		24,152,718	24,426,952	23,911,175	515,777
Excess (deficiency) of revenues over (under) expenditures	32,842,974	37,853,692	41,253,515	3,399,823	9,498,226	9,473,573	9,399,019	(74,554)
Other financing sources (uses)								
Transfers in					3,578,067	3,578,067	4,492,075	914,008
Transfers out	(34,059,110)	(39,585,950)	(39,585,950)		(10,130,047)	(10,234,880)	(10,234,880)	
Sale of capital assets								
Total other financing sources (uses)	(34,059,110)	(39,585,950)	(39,585,950)		(6,551,980)	(6,656,813)	(5,742,805)	914,008
Net change in fund balances	(1,216,136)	(1,732,258)	1,667,565	3,399,823	2,946,246	2,816,760	3,656,214	839,454
Fund balances - beginning of year	8,440,145	8,440,145	8,440,145		12,945,524	12,945,524	12,945,524	
Fund balances - end of year	\$ 7,224,009	\$ 6,707,887	\$ 10,107,710	\$ 3,399,823	\$ 15,891,770	\$ 15,762,284	\$ 16,601,738	\$ 839,454

CITY OF MIAMI BEACH, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2011
(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, 2011.

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, 2011

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 44,385,777	\$ 8,467,873	\$ 52,853,650
Receivables, net	777,688	194,662	972,350
Accrued interest		222	222
Due from other funds	6,426		6,426
Due from other governments	2,436,269		2,436,269
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 47,606,160</u></u>	<u><u>\$ 8,662,757</u></u>	<u><u>\$ 56,268,917</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,771,364	\$	\$ 1,771,364
Retainage payable	796,459		796,459
Accrued expenditures	643,290	2,423	645,713
Unearned/deferred revenues	236,332	42,920	279,252
Due to other governments	7,968		7,968
Due to other funds	251,594		251,594
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>3,707,007</u>	<u>45,343</u>	<u>3,752,350</u>
FUND BALANCES			
Restricted	32,307,737	8,617,414	40,925,151
Committed	12,098,292		12,098,292
Assigned	53,020		53,020
Unassigned	(559,896)		(559,896)
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>43,899,153</u>	<u>8,617,414</u>	<u>52,516,567</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u><u>\$ 47,606,160</u></u>	<u><u>\$ 8,662,757</u></u>	<u><u>\$ 56,268,917</u></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, 2011

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES			
Property taxes	\$	\$ 5,935,778	\$ 5,935,778
Sales , Use and Fuel Taxes	2,910,064		2,910,064
Other taxes	2,080,668		2,080,668
Federal grants	6,810,466		6,810,466
State grants	423,937		423,937
Grants from other local units	1,108,781		1,108,781
Charges for services	3,300,385		3,300,385
Fines and forfeitures	410,988		410,988
Impact Fees	1,897,593		1,897,593
Interest income	141,863	1,878	143,741
Miscellaneous	2,655,272		2,655,272
	<hr/>	<hr/>	<hr/>
Total revenues	21,740,017	5,937,656	27,677,673
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
General government	312,567		312,567
Public safety	7,634,346		7,634,346
Transportation	1,340,037		1,340,037
Economic environment	5,316,054		5,316,054
Human services	913,209		913,209
Culture and recreation	2,133,926		2,133,926
Capital Outlay	3,064,837		3,064,837
Debt Service:			
Principal	210,000	11,899,124	12,109,124
Interest	5,411	9,833,514	9,838,925
Other		19,589	19,589
	<hr/>	<hr/>	<hr/>
Total expenditures	20,930,387	21,752,227	42,682,614
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	809,630	(15,814,571)	(15,004,941)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	3,910,511	17,912,666	21,823,177
Transfers out	(185,115)	(1,600,035)	(1,785,150)
	<hr/>	<hr/>	<hr/>
Total other financing sources	3,725,396	16,312,631	20,038,027
	<hr/>	<hr/>	<hr/>
Net change in fund balances	4,535,026	498,060	5,033,086
	<hr/>	<hr/>	<hr/>
Fund balances - beginning of year	39,364,127	8,119,354	47,483,481
	<hr/>	<hr/>	<hr/>
Fund balances - end of year	\$ 43,899,153	\$ 8,617,414	\$ 52,516,567
	<hr/>	<hr/>	<hr/>

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

September 30, 2011

	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	\$ 31,011	\$ 257,348	\$ 5,474,202	\$ 10,608,446	\$ 2,944,413	\$	\$ 25,070,357	\$ 44,385,777
Receivables, net			10,500		71,070		696,118	777,688
Due from other funds	63						6,363	6,426
Due from other governments	266,138					681,328	1,488,803	2,436,269
Total assets	<u>\$ 297,212</u>	<u>\$ 257,348</u>	<u>\$ 5,484,702</u>	<u>\$ 10,608,446</u>	<u>\$ 3,015,483</u>	<u>\$ 681,328</u>	<u>\$ 27,261,641</u>	<u>\$ 47,606,160</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ 116,448	\$ 800	\$ 40,467	\$ 22,255	\$ 27,701	\$ 520,295	\$ 1,043,398	\$ 1,771,364
Retainage payable			660,809			5,600	130,050	796,459
Accrued expenditures	22,436				4,443	176,097	440,314	643,290
Unearned/ Deferred revenue		133,259					103,073	236,332
Due to other funds	158,328						93,266	251,594
Due to other governments							7,968	7,968
Total liabilities	<u>297,212</u>	<u>134,059</u>	<u>701,276</u>	<u>22,255</u>	<u>32,144</u>	<u>701,992</u>	<u>1,818,069</u>	<u>3,707,007</u>
Fund balances:								
Restricted		123,289	4,783,426	10,586,191	2,983,339		13,831,492	32,307,737
Committed							12,098,292	12,098,292
Assigned							53,020	53,020
Unassigned						(20,664)	(539,232)	(559,896)
Total fund balances	<u></u>	<u>123,289</u>	<u>4,783,426</u>	<u>10,586,191</u>	<u>2,983,339</u>	<u>(20,664)</u>	<u>25,443,572</u>	<u>43,899,153</u>
Total liabilities and fund balances	<u>\$ 297,212</u>	<u>\$ 257,348</u>	<u>\$ 5,484,702</u>	<u>\$ 10,608,446</u>	<u>\$ 3,015,483</u>	<u>\$ 681,328</u>	<u>\$ 27,261,641</u>	<u>\$ 47,606,160</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, 2011

	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	\$	\$	\$	\$	\$	\$	\$ 2,910,064	\$ 2,910,064
Other taxes							2,080,668	2,080,668
Federal grants	2,451,992				166,695	1,209,183	2,982,596	6,810,466
State grants					412,082		11,855	423,937
Grants from other local units					35,684		1,073,097	1,108,781
Charges for services							3,300,385	3,300,385
Fines and forfeitures							410,988	410,988
Impact Fees			975,175	922,418				1,897,593
Interest income		6,458	60,795		35,391		39,219	141,863
Miscellaneous	39						2,655,233	2,655,272
Total revenues	2,452,031	6,458	1,035,970	922,418	649,852	1,209,183	15,464,105	21,740,017
Expenditures:								
Current:								
General government							312,567	312,567
Public safety					306,844	116,667	7,210,835	7,634,346
Transportation				16,239			1,323,798	1,340,037
Economic environment	2,242,031	461,977					2,612,046	5,316,054
Human services						213,735	699,474	913,209
Culture and recreation							2,133,926	2,133,926
Capital Outlay			96,804	86,930	44,349	899,445	1,937,309	3,064,837
Debt Service:								
Principal	210,000							210,000
Interest							5,411	5,411
Total expenditures	2,452,031	461,977	96,804	103,169	351,193	1,229,847	16,235,366	20,930,387
Excess (deficiency) of revenues over (under) expenditures		(455,519)	939,166	819,249	298,659	(20,664)	(771,261)	809,630
OTHER FINANCING SOURCES (USES)								
Transfers in							3,910,511	3,910,511
Transfers out							(185,115)	(185,115)
Total other financing sources (uses)							3,725,396	3,725,396
Net change in fund balances		(455,519)	939,166	819,249	298,659	(20,664)	2,954,135	4,535,026
Fund balances - beginning of year		578,808	3,844,260	9,766,942	2,684,680		22,489,437	39,364,127
Fund balances - end of year	\$	\$ 123,289	\$ 4,783,426	\$ 10,586,191	\$ 2,983,339	\$ (20,664)	\$ 25,443,572	\$ 43,899,153

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

September 30, 2011

	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	\$ 548,919	\$ 664	\$ 1,137,783	\$ 6,651,219	\$ 126,547	\$ 2,741	\$ 8,467,873
Receivables, net	194,662						194,662
Accrued interest	222						222
Total assets	<u>\$ 743,803</u>	<u>\$ 664</u>	<u>\$ 1,137,783</u>	<u>\$ 6,651,219</u>	<u>\$ 126,547</u>	<u>\$ 2,741</u>	<u>\$ 8,662,757</u>
<u>Liabilities and fund balances</u>							
Liabilities:							
Accrued expenditures	\$ 42,920	\$	\$	\$	\$	\$ 2,423	\$ 2,423
Deferred revenue							42,920
Total liabilities	<u>42,920</u>					<u>2,423</u>	<u>45,343</u>
Fund balances:							
Restricted	<u>700,883</u>	<u>664</u>	<u>1,137,783</u>	<u>6,651,219</u>	<u>126,547</u>	<u>318</u>	<u>8,617,414</u>
Total fund balances	<u>700,883</u>	<u>664</u>	<u>1,137,783</u>	<u>6,651,219</u>	<u>126,547</u>	<u>318</u>	<u>8,617,414</u>
Total liabilities and fund balances	<u>\$ 743,803</u>	<u>\$ 664</u>	<u>\$ 1,137,783</u>	<u>\$ 6,651,219</u>	<u>\$ 126,547</u>	<u>\$ 2,741</u>	<u>\$ 8,662,757</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, 2011

	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	\$ 5,935,778	\$	\$	\$	\$	\$	\$ 5,935,778
Interest income	1,718			60		100	1,878
Total revenues	<u>5,937,496</u>			<u>60</u>		<u>100</u>	<u>5,937,656</u>
Expenditures							
Debt Service:							
Principal	2,705,000	2,960,000	1,784,124	4,450,000			11,899,124
Interest	3,312,849	2,032,365	545,046	3,943,254			9,833,514
Other	<u>7,829</u>	<u>808</u>	<u>10,952</u>				<u>19,589</u>
Total expenditures	<u>6,025,678</u>	<u>4,993,173</u>	<u>2,340,122</u>	<u>8,393,254</u>			<u>21,752,227</u>
Excess of expenditures over revenues	<u>(88,182)</u>	<u>(4,993,173)</u>	<u>(2,340,122)</u>	<u>(8,393,194)</u>		<u>100</u>	<u>(15,814,571)</u>
Other financing sources (uses):							
Transfers in		4,993,109	2,821,435	10,098,122			17,912,666
Transfers out				<u>(1,600,035)</u>			<u>(1,600,035)</u>
Total other financing sources		<u>4,993,109</u>	<u>2,821,435</u>	<u>8,498,087</u>			<u>16,312,631</u>
Net change in fund balances	(88,182)	(64)	481,313	104,893		100	498,060
Fund balances at beginning 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>
Fund balances at end of year	<u>\$ 700,883</u>	<u>\$ 664</u>	<u>\$ 1,137,783</u>	<u>\$ 6,651,219</u>	<u>\$ 126,547</u>	<u>\$ 318</u>	<u>\$ 8,617,414</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, 2011

	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	\$ 6,026,858	\$ 5,935,778	\$ (91,080)	\$	\$	\$
Interest income		1,718	1,718		60	60
Total revenues	6,026,858	5,937,496	(89,362)		60	60
Expenditures						
Debt Service:						
Principal payments	2,705,000	2,705,000		4,450,000	4,450,000	
Interest payments	3,312,847	3,312,849	(2)	3,943,254	3,943,254	
Other	9,011	7,829	1,182			
Total expenditures	6,026,858	6,025,678	1,180	8,393,254	8,393,254	
Excess (deficiency) of revenues over (under) expenditures		(88,182)	(88,182)	(8,393,254)	(8,393,194)	60
Other financing sources (uses)						
Transfers in				10,098,122	10,098,122	
Transfers out				(1,600,035)	(1,600,035)	
Total other financing sources				8,498,087	8,498,087	
Net change in fund balances		(88,182)	(88,182)	104,833	104,893	60
Fund balances - beginning	789,065	789,065		6,546,326	6,546,326	
Fund balances - ending	\$ 789,065	\$ 700,883	\$ (88,182)	\$ 6,651,159	\$ 6,651,219	\$ 60

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
September 30, 2011

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
ASSETS				
Current assets:				
Cash and investments	\$ 8,876,796	\$ 10,395,518	\$ 5,953,090	\$ 25,225,404
Accounts receivable (net of allowance for uncollectibles)	773,791	4,351	407,946	1,186,088
Due from other funds	952,376	49,154		1,001,530
Prepaid expenses		7,000	37,881	44,881
Total current assets	<u>10,602,963</u>	<u>10,456,023</u>	<u>6,398,917</u>	<u>27,457,903</u>
Noncurrent assets:				
Cash and investments				
Customer deposits		11,132	95,216	106,348
Deferred charges	1,148			1,148
Capital assets:				
Land	405,680	2,793,051	210,230	3,408,961
Buildings and structures	949,637	28,054,694	2,052,691	31,057,022
Machinery and equipment	3,085,211	216,371	9,404	3,310,986
Construction in progress		112,701		112,701
Less accumulated depreciation	<u>(2,551,066)</u>	<u>(5,366,213)</u>	<u>(421,178)</u>	<u>(8,338,457)</u>
Total capital assets (net of accumulated depreciation)	<u>1,889,462</u>	<u>25,810,604</u>	<u>1,851,147</u>	<u>29,551,213</u>
Total noncurrent assets	<u>1,890,610</u>	<u>25,821,736</u>	<u>1,946,363</u>	<u>29,658,709</u>
Total assets	<u>12,493,573</u>	<u>36,277,759</u>	<u>8,345,280</u>	<u>57,116,612</u>
LIABILITIES				
Current liabilities:				
Accounts payable	522,205	339,801	29,414	891,420
Accrued expenses	47,931	755		48,686
Due to other funds	75,511	169,578	15,931	261,020
Due to other governments		12,715		12,715
Loan payable	133,960			133,960
Accrued compensated absences	263,759			263,759
Unearned revenue		41,210		41,210
Total current liabilities	<u>1,043,366</u>	<u>564,059</u>	<u>45,345</u>	<u>1,652,770</u>
Noncurrent liabilities:				
Deposits		11,132	95,216	106,348
Accrued compensated absences	334,277			334,277
Environmental remediation liability	1,000,000			1,000,000
Loan payable	435,310			435,310
Total noncurrent liabilities	<u>1,769,587</u>	<u>11,132</u>	<u>95,216</u>	<u>1,875,935</u>
Total liabilities	<u>2,812,953</u>	<u>575,191</u>	<u>140,561</u>	<u>3,528,705</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,320,192	25,810,604	1,851,147	28,981,943
Unrestricted	8,360,428	9,891,964	6,353,572	24,605,964
Total net assets	<u>\$ 9,680,620</u>	<u>\$ 35,702,568</u>	<u>\$ 8,204,719</u>	<u>\$ 53,587,907</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, 2011

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
Operating revenues:				
Charges for services	\$ 6,376,004	\$ 2,976,817	\$	\$ 9,352,821
Permits, rentals, and other	7,176,253	578,744	656,553	8,411,550
Total operating revenues	13,552,257	3,555,561	656,553	17,764,371
Operating expenses:				
Personal services	7,876,834			7,876,834
Operating supplies	30,353	24,714	45,591	100,658
Contractual services	4,199,408	1,647,573	76,917	5,923,898
Utilities	41,157	97,111		138,268
Internal charges	1,670,626	201,989	32,713	1,905,328
Depreciation	348,221	719,139	67,247	1,134,607
Administrative fees	954,590	282,415		1,237,005
Amortization	440			440
Other operating	490,389	3,276	17,969	511,634
Total operating expenses	15,612,018	2,976,217	240,437	18,828,672
Operating income	(2,059,761)	579,344	416,116	(1,064,301)
Nonoperating revenues (expenses):				
Interest and fiscal charges	(16,189)			(16,189)
Gain (Loss) on disposal of capital assets	18,655			18,655
Interest income	138,432	14,826	9,205	162,463
Total nonoperating expenses	140,898	14,826	9,205	164,929
Income before contributions and transfers	(1,918,863)	594,170	425,321	(899,372)
Capital contribution		16,098,943	711,031	16,809,974
Transfers in	952,107			952,107
Transfers out	(5,736)			(5,736)
Change in net assets	(972,492)	16,693,113	1,136,352	16,856,973
Total net assets - beginning	10,653,112	19,009,455	7,068,367	36,730,934
Total net assets - ending	\$ 9,680,620	\$ 35,702,568	\$ 8,204,719	\$ 53,587,907

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2011

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 5,463,145	\$ 2,981,847	\$ (42,992)	\$ 8,402,000
Cash paid to suppliers	(4,671,161)	(1,620,230)	(103,466)	(6,394,857)
Cash paid to employees	(8,036,226)			(8,036,226)
Internal activity-payments to other funds	(2,625,216)	(379,421)	(19,576)	(3,024,213)
Other operating	7,076,253	578,744	656,553	8,311,550
Net cash provided by (used in) operating activities	<u>(2,793,205)</u>	<u>1,560,940</u>	<u>490,519</u>	<u>(741,746)</u>
Cash flows for non-capital financing activities:				
Transfers in	949,170			949,170
Transfers out	(5,736)			(5,736)
Net cash provided by non-capital financing activities	<u>943,434</u>			<u>943,434</u>
Cash flows from capital and related financial activities:				
Loan proceeds	157,448			157,448
Repayment of loan	(122,644)			(122,644)
Interest and fiscal charges	(16,539)			(16,539)
Purchase of capital assets	(72,915)			(72,915)
Proceeds from sale of capital assets	23,272			23,272
Net cash used in capital and related financial activities	<u>(31,378)</u>			<u>(31,378)</u>
Cash flows from investing activities:				
Interest on investments	138,432	14,826	9,205	162,463
Net cash provided by investing activities	<u>138,432</u>	<u>14,826</u>	<u>9,205</u>	<u>162,463</u>
Net increase in cash and investments	(1,742,717)	1,575,766	499,724	332,773
Cash and investments - beginning of year	10,619,513	8,830,884	5,548,582	24,998,979
Cash and investments - end of year	<u>\$ 8,876,796</u>	<u>\$ 10,406,650</u>	<u>\$ 6,048,306</u>	<u>\$ 25,331,752</u>
Classified as:				
Current assets	\$ 8,876,796	\$ 10,395,518	\$ 5,953,090	\$ 25,225,404
Restricted assets		11,132	95,216	106,348
Total cash and investments	<u>\$ 8,876,796</u>	<u>\$ 10,406,650</u>	<u>\$ 6,048,306</u>	<u>\$ 25,331,752</u>
Non-cash transactions affecting financial position:				
Capital contributions of capital assets	<u>\$ 2,937</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,937</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, 2011

(continued)

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
Operating income (loss)	\$ (2,059,761)	\$ 579,344	\$ 416,116	\$ (1,064,301)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:				
Depreciation and amortization	348,661	719,139	67,247	1,135,047
Provision for uncollectible accounts	(67)		(30,001)	(30,068)
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(39,459)		(37,991)	(77,450)
(Increase) decrease in due from other funds	(873,333)	(25,150)		(898,483)
(Increase) decrease in prepaid expense			8,505	8,505
Increase (decrease) in accounts payable	69,281	142,183	29,413	240,877
Increase (decrease) in accrued expenses	(189,936)	107		(189,829)
Increase (decrease) in deposits		2,870	25,000	27,870
Increase (decrease) in due to other governments		10,154	(907)	9,247
Increase (decrease) in due to other funds	74,114	130,133	13,137	217,384
Increase (decrease) in deferred revenues		2,160		2,160
Increase (decrease) in accrued compensated absences	(22,705)			(22,705)
Total adjustments	(633,444)	981,596	74,403	422,555
Net cash provided by (used in) operating activities	<u>\$ (2,693,205)</u>	<u>\$ 1,560,940</u>	<u>\$ 490,519</u>	<u>\$ (641,746)</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
September 30, 2011

	Fleet Management Fund	Property Management Fund	Central Services Fund	Risk Insurance Fund	Health Insurance Fund	Communications Fund	Total
ASSETS							
Current assets:							
Cash and investments	\$ 4,347,651	\$ 1,385,860	\$ 375,239	\$ 17,524,591	\$ 358,189	\$ 7,354,525	\$ 31,346,055
Cash with fiscal agent				250,000			250,000
Accounts receivable, net	109,744	20,482	2,456		562,397	8,576	703,655
Due from other funds	9,009	95,220	1,701	39,464	1,278,192	6,266	1,429,852
Prepaid expenses				1,252,991		854	1,253,845
Inventories	165,221	68,150	17,639				251,010
Total current assets	<u>4,631,625</u>	<u>1,569,712</u>	<u>397,035</u>	<u>19,067,046</u>	<u>2,198,778</u>	<u>7,370,221</u>	<u>35,234,417</u>
Noncurrent assets:							
Deferred charges	25,575					36,867	62,442
Capital assets:							
Land	608,520						608,520
Buildings and structures	2,204,492	19,276					2,223,768
Machinery and equipment	26,001,542	3,229,384	131,943	348,450		31,516,317	61,227,636
Construction in progress						16,000	16,000
Less accumulated depreciation	(20,215,995)	(2,604,154)	(119,035)	(269,888)		(26,456,190)	(49,665,262)
Total capital assets (net of accumulated depreciation)	<u>8,598,559</u>	<u>644,506</u>	<u>12,908</u>	<u>78,562</u>		<u>5,076,127</u>	<u>14,410,662</u>
Total noncurrent assets	<u>8,624,134</u>	<u>644,506</u>	<u>12,908</u>	<u>78,562</u>		<u>5,112,994</u>	<u>14,473,104</u>
Total assets	<u>13,255,759</u>	<u>2,214,218</u>	<u>409,943</u>	<u>19,145,608</u>	<u>2,198,778</u>	<u>12,483,215</u>	<u>49,707,521</u>
LIABILITIES							
Current liabilities:							
Accounts payable	243,202	270,325	4,370	184,565	438,140	354,837	1,495,439
Accrued expenses	168,755	36,378	31,580	132,510	800	426,078	796,101
Due to other funds	16,830	40,209	5,299	4,909	326,007	29,857	423,111
Accrued compensated absences	82,613	173,468	15,296	30,054	2,378	157,594	461,403
Loan payable	1,718,166	62,398				705,660	2,486,224
Pending insurance claims				6,319,294			6,319,294
Total current liabilities	<u>2,229,566</u>	<u>582,778</u>	<u>56,545</u>	<u>6,671,332</u>	<u>767,325</u>	<u>1,674,026</u>	<u>11,981,572</u>
Noncurrent liabilities:							
Accrued compensated absences	120,106		29,429	47,557	24,505	515,401	736,998
Loan payable	4,366,338	255,598				2,330,320	6,952,256
Pending insurance claims				5,478,695			5,478,695
Insurance claims incurred but not reported				14,874,807	1,398,619		16,273,426
Total noncurrent liabilities	<u>4,486,444</u>	<u>255,598</u>	<u>29,429</u>	<u>20,401,059</u>	<u>1,423,124</u>	<u>2,845,721</u>	<u>29,441,375</u>
Total liabilities	<u>6,716,010</u>	<u>838,376</u>	<u>85,974</u>	<u>27,072,391</u>	<u>2,190,449</u>	<u>4,519,747</u>	<u>41,422,947</u>
NET ASSETS							
Invested in capital assets, net of related debt	2,514,055	326,510	12,908	78,562		2,040,147	4,972,182
Unrestricted	<u>4,025,694</u>	<u>1,049,332</u>	<u>311,061</u>	<u>(8,005,345)</u>	<u>8,329</u>	<u>5,923,321</u>	<u>3,312,392</u>
Total net assets	<u>\$ 6,539,749</u>	<u>\$ 1,375,842</u>	<u>\$ 323,969</u>	<u>\$ (7,926,783)</u>	<u>\$ 8,329</u>	<u>\$ 7,963,468</u>	<u>\$ 8,284,574</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, 2011

	Fleet Management Fund	Property Management Fund	Central Services Fund	Risk Insurance Fund	Health Insurance Fund	Communications Fund	Total
Operating revenues:							
Charges for services	\$ 8,432,957	\$ 7,981,110	\$ 1,037,854	\$ 19,760,058	\$ 18,303,574	\$ 12,027,498	\$ 67,543,051
Miscellaneous	187,859	3,925		1,303,974	1,345,817	44,989	2,886,564
Total operating revenues	8,620,816	7,985,035	1,037,854	21,064,032	19,649,391	12,072,487	70,429,615
Operating expenses:							
Personal services	1,731,177	3,657,023	386,092	591,055	121,314	4,738,721	11,225,382
Operating supplies	4,017,498	678,196	572	4,678		50,949	4,751,893
Contractual services	141,360	1,644,566	354,930	1,365,818	931,943	3,839,294	8,277,911
Utilities	62,306	801,596	1,905	454		1,529,061	2,395,322
Internal charges	551,460	741,708	84,793	28,222		787,517	2,193,700
Administrative fees				1,100,000			1,100,000
Amortization	10,411					5,683	16,094
Depreciation	2,802,532	248,456	6,355	56,362		3,454,890	6,568,595
Insurance				10,162,245	859,337		11,021,582
Claims and judgements				8,922,631	17,721,988		26,644,619
Other operating	78,168	21,934	47,714	152,575	122,450	743,475	1,166,316
Total operating expenses	9,394,912	7,793,479	882,361	22,384,040	19,757,032	15,149,590	75,361,414
Operating income (loss)	(774,096)	191,556	155,493	(1,320,008)	(107,641)	(3,077,103)	(4,931,799)
Nonoperating revenues (expenses):							
Interest and fiscal charges	(173,995)	(10,267)				(104,299)	(288,561)
Gain (loss) on sale of capital assets	236,445	18,096				10,260	264,801
Interest income	48,208	13,697	2,738	208,172		91,145	363,960
Total nonoperating revenues (expenses)	110,658	21,526	2,738	208,172		(2,894)	340,200
Income (loss) before contributions and transfers	(663,438)	213,082	158,231	(1,111,836)	(107,641)	(3,079,997)	(4,591,599)
Capital contributions	6,439					8,094	14,533
Transfers in						715,000	715,000
Transfers out	(2,937)	(4,750)	(2,704)	(4,233)		(59,523)	(74,147)
Change in net assets	(659,936)	208,332	155,527	(1,116,069)	(107,641)	(2,416,426)	(3,936,213)
Net assets--beginning	7,199,685	1,167,510	168,442	(6,810,714)	115,970	10,379,894	12,220,787
Net assets--ending	\$ 6,539,749	\$ 1,375,842	\$ 323,969	\$ (7,926,783)	\$ 8,329	\$ 7,963,468	\$ 8,284,574

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, 2011

	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	\$ 8,434,584	\$ 7,982,921	\$ 1,039,411	\$ 19,760,058	\$ 17,855,699	\$ 12,059,959	\$ 67,132,632
Cash paid to suppliers	(4,447,286)	(2,941,172)	(419,849)	(11,866,840)	(2,155,989)	(5,915,714)	(27,746,850)
Cash paid to employees	(1,751,415)	(3,751,496)	(384,313)	(599,692)	(118,946)	(4,772,856)	(11,378,718)
Cash paid for claims and judgements				(5,447,958)	(18,019,542)		(23,467,500)
Internal charges-payments to other funds	(551,460)	(731,864)	(80,388)	(1,128,222)	(242,713)	(787,517)	(3,522,164)
Other operating	93,985	(15,154)		1,303,974	1,345,817	44,989	2,773,611
Net cash provided by (used in) operating activities	1,778,408	543,235	154,861	2,021,320	(1,335,674)	628,861	3,791,011
Cash flows for non-capital financing activities:							
Transfers in						715,000	715,000
Transfers out		(4,750)	(2,704)	(4,233)		(59,523)	(71,210)
Net cash provided by (used in) non-capital financing activities		(4,750)	(2,704)	(4,233)		655,477	643,790
Cash flows from capital and related financial activities:							
Loan proceeds	2,462,357	84,067				454,116	3,000,540
Repayment of loan	(1,826,642)	(41,812)				(642,844)	(2,511,298)
Interest and fiscal charges	(179,545)	(10,267)				(109,710)	(299,522)
Purchase of capital assets	(2,202,904)	19,798				(748,588)	(2,931,694)
Proceeds from sale of capital assets	264,085	(95,119)				10,260	179,226
Net cash used in capital and related financial activities	(1,482,649)	(43,333)				(1,036,766)	(2,562,748)
Cash flows from investing activities:							
Interest on investments	48,208	13,697	2,738	208,172		91,145	363,960
Net cash provided by investing activities	48,208	13,697	2,738	208,172		91,145	363,960
Net increase (decrease) in cash and investments	343,967	508,849	154,895	2,225,259	(1,335,674)	338,717	2,236,013
Cash and investments - beginning of year	4,003,684	877,011	220,344	15,549,332	1,693,863	7,015,808	29,360,042
Cash and investments - end of year	<u>\$ 4,347,651</u>	<u>\$ 1,385,860</u>	<u>\$ 375,239</u>	<u>\$ 17,774,591</u>	<u>\$ 358,189</u>	<u>\$ 7,354,525</u>	<u>\$ 31,596,055</u>
Classified as:							
Cash and investments-current	\$ 4,347,651	\$ 1,385,860	\$ 375,239	\$ 17,774,591	\$ 358,189	\$ 7,354,525	\$ 31,596,055

(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, 2011

(continued)

	Fleet Management Fund	Property Maintenance Fund	Central Services Fund	Risk Insurance Fund	Health Insurance Fund	Communications Fund	Totals
Operating income (loss)	\$ (774,096)	\$ 191,556	\$ 155,493	\$ (1,320,008)	\$ (107,641)	\$ (3,077,103)	\$ (4,931,799)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	2,812,943	248,456	6,355	56,362		3,460,573	6,584,689
Provision for uncollectible accounts	1,627	1,811			533	(3,518)	453
Changes in assets and liabilities:							
(Increase) decrease in inventories	5,796	29,139	(3,610)		(448,408)		(417,083)
(Increase) decrease in accounts receivable	(89,853)	(19,079)	1,557			(3,300)	(110,675)
(Increase) decrease in due from other funds	(4,021)	9,844	(894)	(23,833)	(368,626)	9,422	(378,108)
Increase in prepaid expense				10,626		(854)	9,772
Increase (decrease) in accounts payable	(320,534)	125,734	(41,712)	67,664	(242,259)	(125,640)	(536,747)
Increase (decrease) in accrued compensated absences	9,319	(28,579)	8,510	2,096	4,512	48,806	44,664
Increase (decrease) in due to other funds	16,830	39,213	5,299	(310,145)	125,913	29,857	(93,033)
Increase (decrease) in pending insurance claims				1,947,068	(297,554)		1,649,514
(Decrease) in insurance claims incurred but not reported				1,527,605			1,527,605
Increase (decrease) in accrued expenses	120,397	(54,860)	23,863	63,885	(2,144)	290,618	441,759
Total adjustments	2,552,504	351,679	(632)	3,341,328	(1,228,033)	3,705,964	8,722,810
Net cash provided by (used in) operating activities	\$ 1,778,408	\$ 543,235	\$ 154,861	\$ 2,021,320	\$ (1,335,674)	\$ 628,861	\$ 3,791,011

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

September 30, 2011

	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	\$ 11,420,963	\$ 20,000	\$ 363,912	\$ 112,160	\$ 14,135,678	\$ 26,052,713
Accrued interest receivable	658,714	2,437,817	56,140	30,995		3,183,666
Contribution receivable			1,555,740			1,555,740
Other receivables	6,031,641	107,344				6,138,985
Prepaid insurance				3,496		3,496
Investments, at fair value:						
Short-term investments				401,506		401,506
U.S. Government securities	21,168,647	36,850,803	848,421	711,203		59,579,074
Corporate bonds and notes	24,654,740	154,465,035	3,948,786	1,904,673		184,973,234
Common stocks and index funds	37,080,000	207,501,706	5,687,284	2,393,209		252,662,199
Aggregated bond funds	60,721,884					60,721,884
Aggregated equity funds	211,096,132	71,352,921				282,449,053
Money market funds		6,610,602				6,610,602
Private placements		27,403,628				27,403,628
Real estate funds		18,432,773				18,432,773
Mutual funds self-directed DROP participants	5,522,157	11,316,020				16,838,177
Total investments	<u>360,243,560</u>	<u>533,933,488</u>	<u>10,484,491</u>	<u>5,410,591</u>		<u>910,072,130</u>
 Total assets	 <u>378,354,878</u>	 <u>536,498,649</u>	 <u>12,460,283</u>	 <u>5,557,242</u>	 <u>14,135,678</u>	 <u>947,006,730</u>
Liabilities						
Accounts payable	<u>16,367,387</u>	<u>13,630,746</u>		<u>14,500</u>		<u>30,012,633</u>
 Total liabilities	 <u>16,367,387</u>	 <u>13,630,746</u>		 <u>14,500</u>		 <u>30,012,633</u>
Net Assets						
Held in trust for pension benefits	<u>\$ 361,987,491</u>	<u>\$ 522,867,903</u>	<u>\$ 12,460,283</u>	<u>\$ 5,542,742</u>	<u>\$ 14,135,678</u>	<u>\$ 916,994,097</u>

* Balance at June 30, 2011

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

For the Fiscal Year Ended September 30, 2011

	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	\$ 14,474,678	\$ 32,691,021	\$	\$	\$ 3,321,150	\$ 50,486,849
Employee	7,278,327	4,904,143				12,182,470
State of Florida		120,549	1,505,860	454,259		2,080,668
Buybacks/transfers from other systems		621,252				621,252
Other			553	122		675
Total contributions	21,753,005	38,336,965	1,506,413	454,381	3,321,150	65,371,914
Investment income -						
Net increase/(decrease) in fair value of investments	(7,308,679)	(17,217,915)	1,260,901	(104,991)		(23,370,684)
Interest and dividends income	4,738,296	16,712,242	284,851	139,795	130,916	22,006,100
	(2,570,383)	(505,673)	1,545,752	34,804	130,916	(1,364,584)
Investment management expenses	(913,759)	(2,552,576)	(35,451)			(3,501,786)
Net investment income/(loss)	(3,484,142)	(3,058,249)	1,510,301	34,804	130,916	(4,866,370)
Total additions/(reduction)	18,268,863	35,278,716	3,016,714	489,185	3,452,066	60,505,544
Deductions:						
Benefit paid	33,699,801	44,826,829	1,654,856	488,802		80,670,288
Contributions refunded	722,830	107,594				830,424
Administrative expenses	681,906	971,906	49,672	112,871		1,816,355
Total deductions	35,104,537	45,906,329	1,704,528	601,673		83,317,067
Net increase/(decrease)	(16,835,674)	(10,627,613)	1,312,186	(112,488)	3,452,066	(22,811,523)
Net assets held in trust for pension benefits - beginning of year	378,823,165	533,495,516	11,148,097	5,655,230	10,683,612	939,805,620
Net assets held in trust for pension benefits - end of year	\$ 361,987,491	\$ 522,867,903	\$ 12,460,283	\$ 5,542,742	\$ 14,135,678	\$ 916,994,097

* For the period ended June 30, 2011

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

For the Fiscal Year Ended September 30, 2011

	September 30, 2010	Additions	Deductions	September 30, 2011
<u>Assets</u>				
Cash and investments	\$ 6,698,130	\$ 69,876,545	\$ 71,284,801	\$ 5,289,874
Accounts receivable	114,662	503,305	484,207	133,760
Total Assets	<u>\$ 6,812,792</u>	<u>\$ 70,379,850</u>	<u>\$ 71,769,008</u>	<u>\$ 5,423,634</u>
<u>Liabilities</u>				
Accounts payable	\$ 142,277	\$ 55,488,905	\$ 55,431,736	\$ 199,446
Deposits	6,670,515	70,704,279	72,150,606	5,224,188
Total Liabilities	<u>\$ 6,812,792</u>	<u>\$ 126,193,184</u>	<u>\$ 127,582,342</u>	<u>\$ 5,423,634</u>

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

September 30, 2011

	Miami Beach Visitor and Convention Authority	Miami Beach Health Facilities Authority	Total
Assets			
Cash and investments	\$ 2,864,298	\$ 293,558	\$ 3,157,856
Accounts receivable	263,038	102,660	365,698
Capital assets, net of accumulated depreciation	30,820		30,820
Total assets	3,158,156	396,218	3,554,374
Liabilities			
Accounts payable	13,248		13,248
Accrued expenses	353,283		353,283
Total liabilities	366,531		366,531
Net Assets			
Invested in capital assets	30,820		30,820
Unrestricted	2,760,805	396,218	3,157,023
Total net assets	\$ 2,791,625	\$ 396,218	\$ 3,187,843

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

For the Fiscal Year Ended September 30, 2011

		Program Revenues	Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Operating Grants and Contributions	Visitor and Convention Authority	Health Facilities Authority	Totals
Miami Beach Visitor and Convention Authority					
Cultural - grant program	\$ 1,407,195	\$ 30,109	\$ (1,377,086)	\$	\$ (1,377,086)
General administrative	342,740		(342,740)		(342,740)
Total Miami Beach Visitor and Convention Authority	1,749,935	30,109	(1,719,826)		(1,719,826)
Miami Beach Health Facilities Authority					
General administrative	105,323			(105,323)	(105,323)
Total component units	<u>\$ 1,855,258</u>	<u>\$ 30,109</u>			<u>(1,825,149)</u>
General revenues:					
Resort tax allocation			1,921,189		1,921,189
Financing fees				102,660	102,660
Interest			11,090	44	11,134
Total general revenues			1,932,279	102,704	2,034,983
Change in net assets			212,453	(2,619)	209,834
Net assets - beginning			2,579,172	398,837	2,978,009
Net assets - ending			<u>\$ 2,791,625</u>	<u>\$ 396,218</u>	<u>\$ 3,187,843</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 TEN FISCAL YEARS
(accrual basis of accounting - Unaudited)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 400,586,856
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	66,049,987
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	136,255,477
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>	<u>602,892,320</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	381,291,750
Restricted				12,919,888	28,977,432	28,894,110	21,887,662	18,984,310	41,033,514	36,061,707
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	124,563,510
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>	<u>541,916,967</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	781,878,606
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	102,111,694
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	260,818,987
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>	<u>\$ 1,144,809,287</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 TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 47,705,535
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	176,946,485
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	2,883,878
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	10,639,329
Economic environment	8,501,119	7,557,709	4,053,198	6,975,706	232,748	22,006,137	4,293,175	3,934,183	12,569,809	20,504,954
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	1,462,354
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	43,241,187
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	10,571,366
Total governmental activities expenses	<u>180,264,942</u>	<u>181,698,026</u>	<u>203,247,592</u>	<u>230,086,846</u>	<u>225,452,332</u>	<u>269,179,573</u>	<u>263,902,342</u>	<u>269,527,602</u>	<u>290,227,383</u>	<u>313,955,088</u>
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	4,831,699
Water	14,939,612	15,615,833	17,266,977	17,266,977	17,672,806	20,974,282	20,930,577	23,467,862	26,677,078	28,376,149
Sewer	25,460,076	24,948,514	23,854,749	25,074,612	23,747,056	25,819,687	26,619,914	25,425,037	28,895,679	29,548,149
Parking	15,172,305	16,739,868	17,459,943	19,147,189	20,378,613	22,826,900	24,612,370	25,141,478	26,903,927	28,674,475
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	14,270,835
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	19,079,420
Total business-type activities expenses	<u>80,332,069</u>	<u>84,644,471</u>	<u>87,350,846</u>	<u>94,066,218</u>	<u>104,598,254</u>	<u>107,881,283</u>	<u>110,792,600</u>	<u>108,318,648</u>	<u>119,251,818</u>	<u>124,780,727</u>
Total primary government expenses	<u>260,597,011</u>	<u>266,342,497</u>	<u>290,598,438</u>	<u>324,153,064</u>	<u>330,050,586</u>	<u>377,060,856</u>	<u>374,694,942</u>	<u>377,846,250</u>	<u>409,479,201</u>	<u>438,735,815</u>
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	\$ 50,693,412
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	2,403,350
Culture and recreation	1,118,889	3,798,117	4,634,957	5,532,048	5,849,885	5,849,885	5,837,895	6,515,589	6,852,311	10,969,329
Other	26,317,700	9,756,567	6,231,030	5,714,406	65,111	55,028	34,470	20,305	16,040	14,470
Operating grants and contributions	9,526,279	12,003,130	17,874,829	24,260,946	45,361,039	40,520,024	25,591,885	18,890,498	30,959,673	27,185,554
Capital grants and contributions	3,929,445	2,529,706	1,719,812	1,718,649	2,464,239	1,883,176	14,732,625	4,766,094	8,313,962	4,400,711
Total governmental activities program revenue	<u>48,711,673</u>	<u>55,828,451</u>	<u>66,224,399</u>	<u>72,748,540</u>	<u>93,389,495</u>	<u>98,787,216</u>	<u>100,270,121</u>	<u>83,466,508</u>	<u>95,074,286</u>	<u>95,666,826</u>
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	11,683,524
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	33,303,263
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	35,248,733
Parking	19,187,199	19,599,639	19,688,121	21,107,793	22,118,981	25,063,379	25,626,973	28,267,558	30,014,763	34,876,171
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	6,376,573
Other	6,861,646	6,115,640	6,386,667	7,449,685	7,465,516	7,956,217	10,038,593	10,758,578	9,787,677	10,588,116
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	13,862,449	19,944,300
Capital grants and contributions			15,000,000							
Total business-type activities program revenue	<u>89,875,963</u>	<u>94,294,811</u>	<u>113,214,821</u>	<u>113,831,980</u>	<u>112,860,161</u>	<u>116,532,979</u>	<u>118,685,787</u>	<u>131,990,244</u>	<u>140,524,520</u>	<u>146,020,682</u>
Total primary government program revenue	<u>\$ 138,587,636</u>	<u>\$ 150,123,262</u>	<u>\$ 179,439,220</u>	<u>\$ 186,580,520</u>	<u>\$ 206,249,656</u>	<u>\$ 215,320,195</u>	<u>\$ 218,955,908</u>	<u>\$ 215,456,752</u>	<u>\$ 235,598,806</u>	<u>\$ 241,687,508</u>
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)	\$ (218,288,262)
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	21,239,955
Total primary government net expense	<u>\$ (122,009,375)</u>	<u>\$ (116,219,235)</u>	<u>\$ (111,159,218)</u>	<u>\$ (137,572,544)</u>	<u>\$ (123,800,930)</u>	<u>\$ (161,740,661)</u>	<u>\$ (155,739,034)</u>	<u>\$ (162,389,498)</u>	<u>\$ (173,880,395)</u>	<u>\$ (197,048,307)</u>
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	\$ 113,448,485
Resort taxes	21,021,618	24,002,336	27,406,669	32,112,039	34,256,010	36,595,885	38,100,280	37,412,291	42,394,976	48,773,891
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	46,145,257
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	10,209,678
Communication service								7,196,266	6,328,924	5,859,093
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	4,242,891
Miscellaneous	8,919,382	9,965,739	107,920	224,200	169,664	118,640	1,304,665	894,995	6,653,210	618,470
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	3,288,360
Gain or (loss) on disposal of capital assets	(213,893)			(25,839,322)	925,797	257,928	220,559	28,837	89,522	264,801
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)	(13,750,433)
Total governmental activities	<u>136,974,971</u>	<u>149,868,869</u>	<u>163,101,822</u>	<u>151,438,795</u>	<u>215,348,262</u>	<u>253,214,491</u>	<u>251,765,795</u>	<u>247,083,004</u>	<u>222,220,816</u>	<u>219,100,493</u>
Business-type activities:										
Tax increment							2,357,697	2,405,168	2,619,643	3,071,141
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	1,714,113
Gain (Loss) on disposal of capital assets	(6,871)				(12,949)				(7,465)	75,365
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	13,750,433
Total business-type activities	<u>4,238,000</u>	<u>4,673,162</u>	<u>1,923,293</u>	<u>5,969,947</u>	<u>7,057,663</u>	<u>13,227,154</u>	<u>8,481,631</u>	<u>8,767,236</u>	<u>19,320,773</u>	<u>18,611,052</u>
Total primary government	<u>\$ 141,212,971</u>	<u>\$ 154,542,031</u>	<u>\$ 165,025,115</u>	<u>\$ 157,408,742</u>	<u>\$ 222,405,925</u>	<u>\$ 266,441,645</u>	<u>\$ 260,247,426</u>	<u>\$ 255,850,240</u>	<u>\$ 241,541,589</u>	<u>\$ 237,711,545</u>
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	\$ 812,231
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	39,851,007
Total primary government	<u>\$ 19,203,596</u>	<u>\$ 38,322,796</u>	<u>\$ 53,865,897</u>	<u>\$ 19,836,198</u>	<u>\$ 98,604,995</u>	<u>\$ 104,700,984</u>	<u>\$ 104,508,392</u>	<u>\$ 93,460,742</u>	<u>\$ 67,661,194</u>	<u>\$ 40,663,238</u>

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 2,056,937	\$ 2,186,082	\$ 198,934	\$ 610,236	\$ 1,128,937	\$ 1,736,059	\$ 1,845,391	\$	\$	\$
Unreserved	26,869,846	26,982,549	29,457,359	34,647,776	36,688,832	42,406,855	44,645,724			
Nonspendable								164,846		78,020
Restricted								6,200,000	4,653,291	4,653,291
Committed								39,821,254		272,922
Assigned								4,499,003	44,452,200	47,865,087
Unassigned								4,385,813	6,053,327	2,906,247
Total general fund	<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>	<u>\$ 55,775,567</u>
All Other Governmental Funds										
Reserved	\$ 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	34,138,001	44,483,861	49,884,099	103,530,139	79,958,508	76,668,102	61,423,282			
Capital projects fund	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	4,490
Restricted								219,624,064	226,066,215	219,902,708
Committed								50,557,449	45,904,634	42,625,948
Assigned								49,918	69,221	53,020
Unassigned									(3,540,285)	(2,445,745)
Total all other governmental funds	<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>	<u>\$ 260,140,421</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,

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ 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	\$ 238,204,970
Franchise fees	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	8,005,556
Permits	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	12,649,435
Intergovernmental	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	21,083,904
Charges for services	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	13,453,404
Rents & leases	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	5,611,215
Interest	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	2,924,400
Fines and forfeitures	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	3,090,229
Administrative fees	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	14,830,787
Special assessment	1,039,000	223,014	245,425	84,496	991,014	838,519	918,633	767,239	741,796	748,128
Impact fees	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	1,897,593
Other revenues	6,304,219	6,825,177	6,121,850	7,261,332	5,369,991	5,598,263	6,813,440	6,178,008	8,052,435	9,043,926
Total revenues	198,475,470	216,941,377	227,605,772	249,083,838	307,631,694	354,220,928	348,920,465	329,331,763	325,486,427	331,543,547
Expenditures										
General government	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	54,260,197
Public safety	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	163,631,354
Physical environment	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	2,618,574
Transportation	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	4,712,854
Economic environment	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	6,725,993
Human services	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	1,441,069
Culture and recreation	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	39,142,720
Capital Outlay	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	47,432,227
Debt service										
Principal	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	12,829,124
Interest	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	10,462,092
Total expenditures	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	343,256,204
Excess of revenue over (under) expenditures	(17,267,639)	(11,858,953)	(3,253,261)	3,460,860	44,433,475	44,589,422	11,180,336	(8,490,378)	(11,678,969)	(11,712,657)
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		62,465,000								
Proceeds from loan		1,042,000							13,279,659	
Sale of assets	448,005			2,957,930	1,844,513	34,183	24,592	5,421	4,478	14,592
Proceeds from sale of land and building				39,898,102						
Transfers in	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	64,082,002
Transfers out	(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)	(60,131,041)
Total other financing sources (uses)	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	3,965,553
Net change in fund balances	\$ (15,413,578)	\$ 56,150,465	\$ (1,676,320)	\$ 48,693,409	\$ 42,109,175	\$ 35,482,253	\$ 10,412,091	\$ (9,170,160)	\$ (1,643,545)	\$ (7,747,104)
Debt service as a percentage of noncapital expenditures										
	15.26%	14.97%	14.64%	15.20%	10.97%	9.53%	9.33%	9.16%	9.32%	7.87%

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

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

Fiscal Year Ended September 30,	Real Property					Exemptions			Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property	Other Property	Value of Taxable Property	Real property- Amendment 10 Excluded Value ^D	Less: Tax-Exempt Property	Other Exemptions		
2002 ^A	\$	\$	\$	\$	\$	\$	\$	\$	\$	8.3760
2003 ^A										8.3220
2004	12,131,669	2,366,866	214,344	1,562,860	16,275,739		1,405,322		14,870,417	8.1730
2005	13,757,424	3,266,081	44,880	1,612,480	18,680,865		1,327,774		17,353,091	8.1730
2006	17,465,682	4,337,034	51,091	2,508,681	24,362,488		1,764,463		22,598,025	8.0730
2007	21,045,428	4,779,204	52,250	2,767,838	28,644,720		2,000,993		26,643,727	7.6730
2008	21,027,850	5,290,322	51,426	2,795,713	29,165,311		2,008,285		27,157,026	5.8970
2009	18,911,637	5,265,399	51,025	2,528,317	26,756,378		1,703,041		25,053,337	5.8930
2010	16,794,033	5,735,610	35,601	1,512,322	24,077,566		1,668,428		22,409,138	5.9123
2011 ^C	18,228,553	5,551,314	48,983	2,599,899	26,428,749	1,651,400	2,624,675	47,932	22,104,742	6.5025

Source: 2010 Tax Roll for Miami-Dade County

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

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

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

^{C:} Total actual and assessed values are estimates based on the First Certified 2010 Tax Roll made in October 22, 2010, prior to any adjustments processed by the Value Adjustment Board. The Final Certified Tax Roll for 2010 has not been released as of the date of this report.

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

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	
2002	7.2990	1.0770	8.3760	9.3760	6.7160	0.7360	25.2040
2003	7.2990	1.0230	8.3220	9.2520	6.7650	0.7355	25.0745
2004	7.2990	0.8740	8.1730	9.1000	7.2400	0.7360	25.2490
2005	7.4250	0.7480	8.1730	8.6870	7.1502	0.7360	24.7462
2006	7.4810	0.5920	8.0730	8.4380	7.0348	0.7355	24.2813
2007	7.3740	0.2990	7.6730	8.1050	6.8080	0.7355	23.3215
2008	5.6555	0.2415	5.8970	7.9480	5.6711	0.6585	20.1746
2009	5.6555	0.2375	5.8930	7.7970	5.9263	0.6585	20.2748
2010	5.6555	0.2568	5.9123	7.9950	6.0050	0.6590	20.5713
2011	6.2155	0.2870	6.5025	8.0050	5.7695	0.4708	20.7478

Source: Miami-Dade County, Florida; Department of Property Appraisal
2011 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 NINE YEARS AGO**

2011			2002		
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
2201 Collins Fee LLC	\$ 292,327,602	1.32 %	Hotelerama Assoc., Ltd.	\$ 101,259,711	1.08 %
Fountainbleau Florida Hotel LLC	273,680,426	1.24	Miami Beach Redevelopment Inc	93,962,389	1.00
Sandy Lane Residential LLC	235,887,045	1.07	Morton Tower Apts. P	51,977,720	0.55
MB Redev. Inc./Loews Hotel	216,000,000	0.98	Nine Island Condo	46,408,920	0.49
Florida Power & Light Co	160,243,378	0.72	Gumenick Family Inv. No. 1 Ltd.	37,942,593	0.40
FL 6801 Collins N LLC	129,236,200	0.58	Roney Plaza Associates Ltd	36,400,000	0.39
Di Lido Beach Hotel Corp.	108,500,000	0.49	Tower Forty One Condo	36,221,820	0.39
MCZ/ Centrum Flamingo III LLC	108,000,000	0.49	IHC/Miami Beach Corp.	34,600,391	0.37
1100 West Properties LLC	106,840,977	0.48	Maison Grande Condo	32,488,730	0.35
MCZ/ Centrum Flamingo II LLC	89,000,000	0.40	RDP Royal Palm Hotel LP	32,042,192	0.34
	<u>\$ 1,719,715,628</u>	<u>7.77 %</u>		<u>\$ 503,304,466</u>	<u>5.36 %</u>

Source: 2011 and 2002 Miami-Dade County, Florida Ad Valorem Assessment Roll for the City of Miami Beach

Note: In 2009 the taxpayer 2201 Collins Fee LLC property was considered vacant. In 2010 the property came on the tax roll as occupied

**CITY OF MIAMI BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS,
FISCAL YEARS 2001 THRU 2010**

Tax Year (A)	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
2001	74,551,384	75,205,177 (B)	100.9	(B) N/A	N/A	N/A
2002	83,590,412	82,877,809	99.1	356,279	83,234,088	99.6
2003	93,492,337	78,900,233	84.4	164,656	79,064,889	84.6
2004	109,298,076	89,615,225	82.0	57,581	89,672,806	82.0
2005	133,573,759	119,387,038	89.4	238,813	119,625,851	89.6
2006	164,807,822	145,078,394	88.0	59,958	145,138,352	88.1
2007	146,418,406	128,759,479	87.9	1,131,888	129,891,367	88.7
2008	144,907,833	115,711,795	79.9	13,333,291	129,045,086	89.1
2009	129,758,839	118,961,766	91.7	1,154,527	120,116,293	92.6
2010	127,994,228	116,484,626	91.0		116,484,626	91.0

Source: City of Miami Beach Certification of Taxable Value.

(A) 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

(B) 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
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
2011	68,280		19,739		37,095	75,035	9,438	15,225	224,812
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
2002	\$ 50,712	\$ 97,455	\$ 34,396	883	\$ 1,320	\$ 184,766	\$ 429,470	18.44 %	4.87159
2003	49,864	95,055	33,166	751	795	179,631	472,607	19.57 %	5.31186
2004	48,976	95,531	31,879	622	240	177,248	467,777	18.46 %	5.14912
2005	48,049	89,876	30,537	561		169,023	464,814	17.03 %	5.07771
2006	47,076	113,839 ^E	29,132	495		190,542	473,058	15.79 %	5.05755
2007	46,130	110,610	27,769	345		184,854	449,680	14.48 %	4.88013
2008	45,075	107,154	26,241	1,035		179,505	436,347	12.90 %	4.65581
2009	43,970	103,439	24,639	1,133		173,181	412,754	12.23 %	4.38913
2010	42,645	129,437	22,960	1,220		196,262	433,414	^B	4.66875
2011	42,700	125,557	45,966	1,670		215,893	440,705	^B	5.02062

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)

(in thousands of dollars)																
Fiscal Year	General Bonded Debt							Percentage of Actual Taxable Value of Property		Per Capita						
	General Obligation Bonds	Redevelopment Bonds	Gulf Breeze Fixed Rate Bonds	Pension Refunding Bonds	Sunshine State VRDS ^A	Total										
2002	\$	43,810	\$	100,830	\$	39,002	\$	46,765	\$	6,265	\$	236,672	2.52	%	\$	2.6846
2003		98,990		97,960		37,196		44,905		5,835		284,886	2.70			3.2020
2004		93,475		94,890		35,316		43,525		5,390		272,596	2.25			3.0006
2005		87,500		97,300		33,356		53,030		4,930		276,116	1.97			3.0163
2006		81,440		95,300		31,320		50,650		4,455		263,165	1.51			2.8135
2007		78,620		91,645		29,185		48,175		3,965		251,590	1.11			2.7304
2008		76,085		87,785		26,962		45,590		3,455		239,877	0.89			2.5595
2009		73,580		83,740		24,651		42,885		2,930		227,786	0.85			2.4222
2010		70,985		79,485		22,243		40,055				212,768	0.86			2.2919
2011		68,280		75,035		19,738		37,095				200,148	0.91			2.2801

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

^A: 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				
	2002	2003	2004	2005	2006
Debt limit	\$ 1,383,512,145	\$ 1,561,322,746	\$ 1,778,109,377	\$ 2,078,715,000	\$ 2,584,651,615
Total net debt applicable to limit	30,975,211	87,161,948	82,062,643	86,269,623	80,348,515
Legal Debt margin	<u>\$ 1,352,536,934</u>	<u>\$ 1,474,160,798</u>	<u>\$ 1,696,046,734</u>	<u>\$ 1,992,445,377</u>	<u>\$ 2,504,303,100</u>
Total net debt applicable to the limit as a percentage of debt limit	2.24%	5.58%	4.62%	4.15%	3.11%
	Fiscal Year				
	2007	2008	2009	2010	2011
Debt limit	\$ 3,338,693,748	\$ 3,920,416,339	\$ 3,882,603,724	\$ 3,465,358,138	\$ 3,315,711,442
Total net debt applicable to limit	77,595,559	75,105,405	72,702,497	70,195,935	67,579,117
Legal Debt margin	<u>\$ 3,261,098,189</u>	<u>\$ 3,845,310,934</u>	<u>\$ 3,809,901,227</u>	<u>\$ 3,395,162,203</u>	<u>\$ 3,248,132,325</u>
Total net debt applicable to the limit as a percentage of debt limit	2.32%	1.92%	1.87%	2.03%	2.04%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	\$ 22,104,742,947
Debt limit (15% of assessed value)	3,315,711,442
Debt applicable to limit:	
General obligation bonds	68,280,000
Less: Amount set aside for repayment of general obligation debt	<u>700,883</u>
Total net debt applicable to limit	<u>67,579,117</u>
Legal debt margin	<u>\$ 3,248,132,325</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						
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
^A 2011	40,663,353	21,016,656	19,646,697	2,015,876	1,773,541	5.18

A - New Bonds were issued in fiscal year 2011; See Footnote on page 77

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

Water & Sewer Revenue Bonds

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		5,466,855	1.64
2008	54,366,038	37,618,570	16,747,468	3,480,000	5,331,556	1.90
2009	64,360,255	38,982,808	25,377,447	3,740,000	5,187,155	2.84
2010	69,632,326	45,831,721	23,800,605	3,775,000	5,036,856	2.70
2011	69,086,475	48,509,804	20,576,671	3,930,000	5,961,736	2.08

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
2011	11,845,218	3,346,893	8,498,325		2,042,670	4.16

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

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
2011	81,936,306	500,000	81,436,306	4,450,000	3,943,254	9.70

**CITY OF MIAMI BEACH, FLORIDA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2011**

DIRECT DEBT

General obligation indebtedness	
Public improvement bonds (net of amount available)	\$ 67,579,117

Non-self-supporting indebtedness: (A)

Gulf Breeze Government Loan Program	19,738,934	
Pension Obligation Bonds	37,095,000	
Tax Increment Revenue Bonds	75,035,000	
	131,868,934	
Less: Reserve funds	7,916,531	
Total non-self-supporting indebtedness		123,952,403

Total direct indebtedness	191,531,520
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OVERLAPPING DEBT (B)

Miami-Dade County		
Total general obligation indebtedness	1,062,146,000	
Percent applicable to City - 11.5119% (C)		110,903,975
Total school district obligation indebtedness	288,720,000	
Percent applicable to City - 11.5119% (C)		30,146,699
Total net non-self-supporting indebtedness	2,305,160,319	
Percent applicable to City - 11.5119% (C)		240,693,315

Total overlapping debt	381,743,989
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TOTAL DIRECT AND OVERLAPPING DEBT	\$ 573,275,509
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(A) Excludes self-supporting debt obligations.

(B) 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.

(C) Based upon 2011 assessed valuation figures for the City and Dade County.

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

Miami-Dade County

<u>Year</u>	<u>Miami Beach Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Auto Tags</u>	<u>Bank Deposits (Thousands)</u>	<u>Public School Enrollment</u>	<u>Unemployment Rate</u>
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	90,916	36,357	2,074,138	^A	427,034	10.7
2010	87,779	^A	^A	1,999,364	82,935	395,791	12.4

Source: Florida Statistical Abstract, 2011

^A Data not available

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

Ten Largest Public Employers					
<u>Employer</u>	2011			2002	
	<u>Employees</u>	<u>Rank</u>	Percentage of Total County Employment	<u>Employees</u>	<u>Rank</u>
Miami-Dade County Public Schools	44,132	1	3.96 %	37,500	1
Miami-Dade County	26,351	2	2.36	30,000	2
Federal Government	19,400	3	1.74	18,276	3
Florida State Government	17,600	4	1.58	18,100	4
Jackson Health System	10,809	5	0.97	10,000	5
Florida International University	8,000	6	0.72	2,591	7
Miami-Dade College	6,200	7	0.56	2,400	8
City of Miami	4,309	8	0.39	3,400	6
Homestead Air Force Base	2,700	9	0.24		
VA Medical Center	2,487	10	0.22	2,000	9
City of Miami Beach				1,702	10

Ten Largest Private Employers					
<u>Employer</u>	2011			2002	
	<u>Employees</u>	<u>Rank</u>	Percentage of Total County Employment	<u>Employees</u>	<u>Rank</u>
University of Miami	13,233	1	1.19 %	8,000	2
Baptist Health South Florida	14,865	2	1.33	7,500	3
Publix Super Markets	10,800	3	0.97	4,000	8
American Airlines	9,000	4	0.81	9,000	1
Precision Response Corporation	5,000	5	0.45	4,346	4
Florida Power and Light	3,840	6	0.34	3,823	9
Carnival Cruise Lines	3,500	7	0.31	3,745	8
Winn Dixie Stores	3,400	8	0.30		
Mount Sinai Health Center	3,400	9	0.30	4,240	5
Bellsouth/AT&T	3,100	10	0.28	2,868	10
MasTec				4,000	6
Royal Caribbean International				4,000	7

Source: Employer and employees information provided by the Beacon Council. Percentage of total County employment was calculated based on total County employment of 1,114,824 as presented in the 2011 Florida Statistical Abstract

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

Function/Program	Full-time Equivalent Employees as of September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government:										
Mayor and commission	21	20	20	20	20	20	19	19	19	18
City manager	14	14	13	13	13	13	11	11	10	10
Office of communications	2	2	2	2	8	9	8	6	5	5
Budget and performance improvement	19	18	18	20	20	21	19	19	18	18
Finance	43	43	43	43	45	46	39	37	37	37
Information technology	37	37	40	41	44	46	43	40	38	36
Human resources	19	18	16	17	17	18	16	17	15	14
Labor relations ^C		2	2	2	2	3	3			
Risk Management	7	6	6	6	6	6	6	6	6	7
City clerk	20	20	19	19	17	17	16	16	14	14
Procurement	10	10	9	9	9	10	10	9	9	9
City attorney	24	24	22	22	22	22	22	20	19	19
Economic Development and Cultural Arts:										
Real Estate, Housing and Comm. Development ^E									13	13
Economic development	9	9	8	8	7	7	6	5	0	0
Building ^A	56	56	63	63	71	79	79	79	72	66
Planning	26	26	26	26	28	29	29	26	26	25
Tourism & cultural development	11	11	12	13	14	13	12	11	11	11
Bass museum	10	9	8	8	8	8	8	8	8	8
Operations:										
Neighborhood services ^D	65	68	63	63	65	67	60	56		
Community Services									4	4
Code compliance									42	30
Parks & recreation ^B	220	231	186	187	195	205	198	195	182	156
Public works	35	32	35	37	34	33	39	48	45	41
Sanitation	109	123	103	114	148	179	177	187	187	187
Property management	73	66	65	66	71	71	69	66	54	24
Capital improvement projects	24	24	24	27	31	31	31	32	35	35
Parking	107	109	106	108	111	116	120	118	117	83
Sewer	43	43	40	41	42	42	41	38	33	35
Stormwater	19	22	23	23	25	25	26	25	25	23
Water	72	72	71	69	69	69	63	59	54	56
Fleet management	28	28	25	24	24	24	23	21	21	21
Public safety:										
Police - Officers	381	366	382	385	386	403	396	381	370	370
Police - Civilians	165	155	146	153	164	166	148	149	140	138
Fire - Officers	201	205	205	207	208	207	206	203	200	200
Fire - Civilians	17	18	18	17	23	21	23	27	26	27
Ocean rescue ^B			77	68	68	76	76	76	76	56
Total	1,887	1,887	1,896	1,919	2,013	2,102	2,042	2,007	1,927	1,794

Source: City of Miami Beach Budget Department

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

^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 TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government:										
Mayor and commission										
Ordinances approved	52	55	35	40	36	43	46	39	44	43
Resolutions approved	660	328	268	268	322	296	251	308	274	245
City manager										
Responses to resident inquiries/complaints	654	680	650	650	612	692	540	575	545	N/A
Better Place Requests Open and Closed	N/A	N/A	10	12	23	21	15	4	10	N/A
Budget and performance improvement										
Audits performed	393	367	317	258	254	266	242	272	263	233
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	\$ 3,221,421
Finance										
Utility customer accounts	10,750	10,000	10,500	10,500	10,500	10,059	10,043	10,044	10,057	10,061
Licenses issued	6,400	6,500	6,600	6,500	7,330	8,000	7,541	8,650	7,748	7,718
Lien statements	3,454	3,300	3,150	3,400	3,850	3,942	2,415	2,658	4,076	6,600
Annual resort tax accounts	1,265	1,300	1,352	1,375	1,127	1,119	1,054	1,066	1,050	1,067
Citizen Support Center	N/A	N/A	69	75	93	116	68	12	48	2
Human resources										
Employees	1,827	1,834	1,845	1,900	1,879	1,870	1,926	1,902	1,869	1,837
Hires	260	260	364	328	363	314	195	188	206	146
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	12,523
Certificates	727	788	726	780	622	736	337	383	411	342
Tourism & cultural development										
Film & print and special events permits	1,640	1,566	1,700	1,583	1,280	1,563	1,232	966	1,023	1,215
Bass Museum Visitors	19,000	22,000	50,000	36,749	19,211	25,210	30,071	26,414	29,642	26,477
Theater Events (Byron/Colony)	305	299	240	149	255	380	267	225	223	218
Operations:										
Parking										
Residential Parking Permits	N/A	24,377	25,471	26,161	26,837	26,437	28,131	11,557	11,830	12,357
Municipal Parking Permits	N/A	42,392	41,108	42,234	47,722	48,964	48,660	41,651	53,502	42,152
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	2,162,618	2,530,878
Citizen Support Center	N/A	N/A	245	284	260	435	218	N/A	N/A	133
Parks & recreation										
Summer Camp	2,340	2,819	2,114	2,241	2,515	2,587	2,317	2,758	2,398	2,538
After and Play School Participants	2,558	3,371	2,650	2,410	2,400	882	2,810	2,680	3,217	3,501
Athletics	1,051	1,018	940	1,020	1,253	1,442	2,835	2,656	2,079	2,251
Pool Attendance	28,000	65,437	66,000	79,135	119,800	161,176	145,337	141,524	160,456	157,227
Golf course patrons ^A	N/A	30,655	37,152	42,923	44,252	44,078	42,850	66,358	73,447	80,782
Public Works-Engineering/Water/Sewer/Streets										
Right-of-Way permits issued	794	890	1,100	900	N/A	1,092	899	935	868	855
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	964,703
Storm sewers cleaned	137,000	140,000	140,000	140,000	233,000	88,000	59,000	78,279	N/A	1,253
Deteriorated storm sewers replaced	266	275	275	200	80	15	640	N/A	N/A	125
New-metered service taps and installations	650	700	600	550	196	113	400	207	N/A	70
Roads and alleys repaved (linear feet)	3,232	16,000	8,000	12,000	7,000	11,100	36,000	N/A	N/A	3,600
Sidewalk replaced (square feet)	37,000	30,000	40,000	30,000	38,000	63,000	44,000	46,889	N/A	3,525
Citizen Support Center	N/A	N/A	3,049	2,626	1,854	1,787	2,732	2,908	2,636	1,261
Sanitation										
Residential Waste (tons per month)	N/A	18,500	19,650	15,970	15,708	15,500	14,882	13,354	12,980	12,172
Litter Cans	N/A	1,316	2,000	2,050	2,095	2,335	2,335	2,735	2,735	2,735
Mechanized Sweeping (miles per day)	N/A	4	11	15	15	15	15	20	20	20
Mobile Sweeping (miles per day)	N/A	156	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	900,211
Preventive maintenance jobs	2,361	2,642	2,868	2,876	2,699	2,932	2,911	3,160	3,053	3,181
Police										
Total number of arrests	8,697	9,684	10,290	10,185	12,887	14,954	13,804	13,338	10,801	9,588
Traffic Violations	25,316	25,742	44,174	45,524	58,615	52,976	49,389	44,521	39,586	49,561
Citizen Support Center	N/A	N/A	50	67	143	96	67	73	28	64
Fire										
Emergency responses	14,730	13,406	13,000	14,700	13,532	16,794	22,640	25,015	20,356	N/A
Existing building inspections	N/A	N/A	N/A	N/A	N/A	N/A	2,292	978	1,500	N/A
Night club inspections	N/A	N/A	N/A	N/A	N/A	N/A	3,184	2,769	3,198	3,718
Site inspections	N/A	N/A	N/A	N/A	N/A	N/A	4,932	4,953	3,672	N/A
On duty inspections	N/A	N/A	N/A	N/A	N/A	N/A	1,984	1,856	1,793	N/A
Ocean rescue - victims rescued	518	895	900	281	313	680	506	579	645	747
Ocean rescue prevention	147,409	159,280	160,000	280,104	365,103	447,251	455,757	349,882	320,858	257,862
Citizen Support Center	N/A	N/A	144	189	182	149	137	115	50	91

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

^A The City opened a second golf course which was operational for 9 months during the 2009

^B In FY 2010 the City used a new method to track requests from residents

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	3	3	4	4	4	4	4	4	4	4
Patrol vehicles	340	415	440	440	440	440	440	440	486	486
Fire stations	4	4	4	4	4	4	4	4	4	4
Water										
Water mains (miles)	180	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	23,000
Fire hydrants	1,003	1,003	1,006	1,006	1,009	1,009	1,009	1,009	1,009	1,009
Fire lines	700	708	710	712	717	717	717	717	717	717
Meters	12,557	12,300	12,350	12,424	12,460	12,460	12,460	12,460	12,460	12,460
Water pumping stations	5	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	12,000
Stormwater										
Stormwater pipes (miles)	59	59	59	59	59	59	59	59	59	59
Drainage basins	172	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	6,000
Manholes	2,161	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	152
Force main pipes (miles)	21	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	3,293
Wastewater pump stations	23	23	23	23	23	23	23	23	23	23
Other public works										
Streets (miles)	140	140	140	140	140	140	140	140	140	140
Sidewalks (miles)	242	242	242	242	242	242	242	242	242	242
Curb and gutter (miles)	200	200	200	200	200	200	200	200	200	200
Alleys (miles)	33	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	7,300
Streetlights	5,800	5,810	5,817	5,850	5,900	6,000	6,200	6,200	6,893	6,893
Street lights cable (miles)	250	251	252	260	265	265	265	265	263	263
Parking										
Parking Lots & Garages	66	66	68	68	68	68	68	70	75	76
Parking Spaces	8,451	8,451	8,496	8,496	8,333	8,300	8,404	8,404	8,404	8,424
Parks and recreation										
Recreational open space (acres)	727	727	727	727	727	727	727	727	727	727
Playground tot-lots	14	14	14	14	14	15	15	19	15	19
Stadiums	2	2	2	2	2	2	2	2	2	2
Sports fields	7	7	7	7	7	7	7	7	7	7
Tennis sites	6	6	6	6	6	6	6	6	6	7
Basketball court sites	9	9	9	9	15	15	15	15	15	15
Ice Rink	1	1	1	1	1	1	1	1	1	1
Pools	3	3	3	3	3	3	3	3	3	3
Youth/Community centers	3	3	3	3	3	3	3	3	3	3
Bark parks	2	2	2	2	2	3	3	4	3	4
Parks - passive and staffed	28	28	28	37	25	26	26	26	26	26
Municipal regulation golf courses	2	2	2	2	2	2	2	2	2	2
Trucks, off-road, and other vehicles	63	65	67	67	84	93	98	98	97	98
Sanitation										
Sweepers	12	12	16	17	21	13	9	9	6	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	84
Pressure washers			5	8	10	11	9	9	9	7
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

