

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2012

CITY OF MIAMI BEACH, FLORIDA



City of Miami Beach, Florida

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2012**

City of Miami Beach, Florida

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**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2012**

**Jimmy L. Morales**  
City Manager

**Patricia D. Walker**  
Chief Financial Officer

Report prepared by: Finance Department

Cover picture

[Artist: Tobias Rehberger](#)

Title: *obstinate lighthouse*, 2011

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<http://web.miamibeachfl.gov/>

**City of Miami Beach, Florida  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2012**

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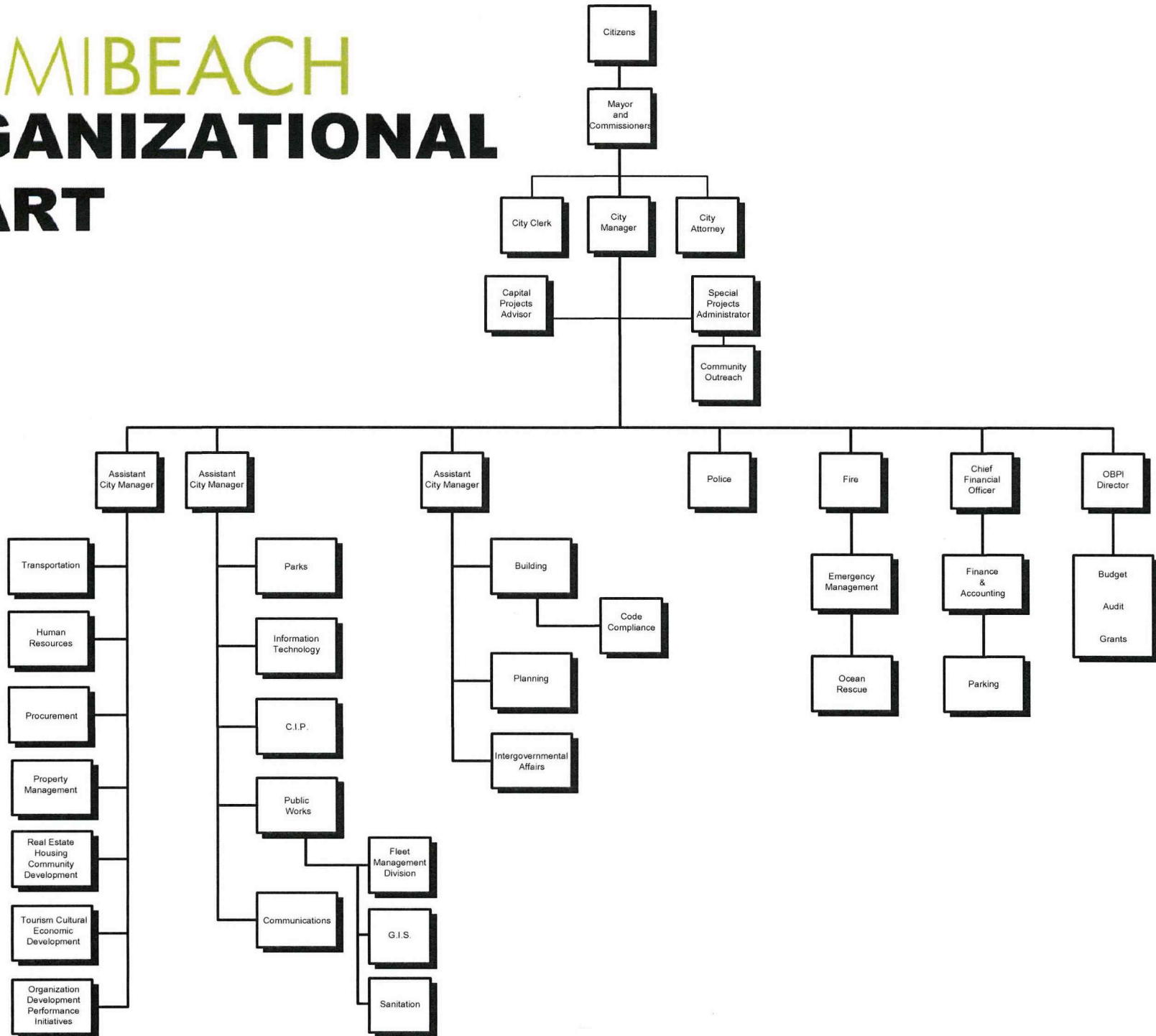
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# **INTRODUCTORY SECTION**

# MIAMI BEACH

## ORGANIZATIONAL CHART



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

**September 30, 2012**

**City Commission**

Matti Herrera Bower, Mayor

Jorge Exposito, Vice-Mayor

Michael Gongora, Commissioner

Jerry Libbin, Commissioner

Edward L. Tobin, Commissioner

Deede Weithorn, Commissioner

Jonah Wolfson, Commissioner

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**Administration**

Jimmy L Morales, City Manager

Patricia D. Walker, Chief Financial Officer

Jorge Gomez, Assistant City Manager

Kathie G. Brooks, Assistant City Manager

John M. Taxis, Assistant City Manager



# MIAMI BEACH

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

April 26, 2013

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, 2012.

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 a 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, 2012, 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 provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to 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, authorizing and approving debt secured by the full faith and 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 with the consent of the City Commission.

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

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

The annual budget serves as the foundation for the City's financial planning and control. Prior to the first public hearing required by state law, the City Commission is presented with a proposed budget. The proposed budget includes anticipated expenditures and the means for funding them. After Commission review and two public hearings, the budget is adopted. The budget is approved by fund and department. Management may transfer amounts between line items within a department as long as the transfer does not result in an increase in the department 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 \$2.2 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 more than 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 9.5% from 2011 to 2012. When compared to an increase of 11% for hotel rooms throughout the rest of Miami-Dade County (excluding Miami Beach), a 9.5% increase following the 20.5% increase a year earlier demonstrates the continued strength of the Miami Beach lodging market, and its role as the key driver of tourism in South Florida. During 2012, hotel room occupancy was 76.1%, up from 75.4% in 2011, reflecting continued absorption of an inventory of hotel rooms that has increased significantly from 13,506 at the beginning of 2008 to 16,481 at the end of 2012. 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 minimis 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 2012.

Moreover, the overall economy of the City remained stable, with an estimated gross City product of \$7.7 billion, up from \$7.4 billion in 2011. From the second quarter of 2008 to the third quarter of 2012, there was a 14.9 % increase of employment from 43,802 jobs to 51,125 jobs. The City's unemployment rate ended 2012 at 7.11%, well below comparable geographies, such as 9.34% for the Greater Miami Metropolitan statistical area, 8.64% for Florida, and the national rate of 8.07%, and 8.65% for the State of Florida. It was also a significant drop from a local unemployment rate of 9.5% in 2011.

In recent years, the City has diversified beyond its traditional tourism based economy to become a leading multi-industry business center with entertainment, health care, culture and professional services industries. In 2012, the world's most prestigious art fair, based in Basel, Switzerland, celebrated the tenth anniversary of its Miami Beach exhibition, with attendance and sales exceeding expectations. Additionally, the partnership between the City and the New World Symphony (the "Symphony") has 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 Center building.

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 that joined the Miami Beach market in 2012 included H&M and Forever 21. Class A office space in prime locations continues to generate interest with a vacancy rate of approximately 8.4%, anchored by corporate tenants such as LNR Property Corporation, Terranova, 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 'Magic City,' and 'Burn Notice'; and many international talent and model agencies have established and continue operations in the City. The City continues to grow as an international destination for major events. In addition to Art Basel Miami Beach, 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 2012. 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 seventeen straight quarters of year over year increases 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 1,378 in December 2012. The average number of days that units were on the market also declined, from 172 in January 2008, to 121 in December 2012, and the number of months supplies declined from 38 months to 7.5 months during the same period.

### **Well-Improved Infrastructure**

Along with, and related to growth management, traffic flow continues to be one of our community's major concerns. In fiscal year 2012, while discontinuing the use of Police Officers on overtime to enforce "Clearing of Lanes, Easements and Alleyways" (CLEAR), we will continue monitoring of red-light cameras. In addition to reducing severe accidents at intersections, we hope red light camera enforcement will alleviate vehicles blocking traffic at busy intersections. Further, the self-service bicycle rental program (Deco Bike) implemented this year has increased multi-modal mobility throughout the City, in addition to supporting environmental sustainability. We adopted the City's first Bikeways Master Plan in October 2007, and an estimated 244 bike racks have been installed to date. We have also adopted the City's Traffic Calming Manual in June 2011. The criteria in City's Traffic Calming Manual have a lower threshold than the County. This will allow the implementation of more traffic calming devices throughout the City. Traffic calming ensures the development of a safe, efficient and integrated transportation system in the City that promotes neighborhood livability using adequate technical planning and traffic engineering practices.

The City continues to coordinate and fund the South Beach Local, the most successful bus circulator in Miami Dade County. The average monthly ridership for year 2012 was 120,978. This represents an 8% decrease from fiscal year 2011. The City of Miami Beach continues to coordinate actively with Miami Dade Transit (MDT) to improve the headways and ridership for the South Beach Local. In 2011, the City received a grant from the Miami Dade County Metropolitan Planning Organization for a transit planning study. The feasibility study for a circulator line serving North and Middle Beach has been completed. The City is working to further refine certain aspects of the preferred alternative to better serve the residents and visitors of North and Middle Beach and improve transit connectivity citywide.

Furthermore, the City has continued to coordinate with MDT following the implementation of the Airport Flyer/Route 150 which provides direct bus service to the airport from Miami Beach seven (7) days per week, operating from 6 a.m. to 11 p.m. The route operates every 30 minutes and uses 40-foot buses with interior space provided for luggage placement. The buses are branded with a special logo for easy identification and to help promote ridership. The fare is \$2.35 each way, which is the fare for all MDT express buses. The average monthly ridership for the Airport Flyer/Route 150 in 2012 was 48,733. This ridership figure represents a 6% increase from fiscal year 2011 (46,065 riders).

The Adopted Work Plan and Budget includes capital funding for on-going renovation of several parking lots that are anticipated to provide additional parking spaces when complete. In recent years, the new City Hall garage and the Alton and 5th facility provided 1,150 additional parking spaces combined; and construction is complete on the City garage adjacent to the New World Symphony new performing arts project that provided a significant increase to the number of parking garage spaces in the City Center area. Further, the Sunset Harbor Garage was opened on September 15, 2012 and Pritzker prize winning architect Zaha Hadid was selected on September 14, 2011 to design the Collins Park garage. Implementation of the City's capital improvement program also continues as a top priority. The total value of the Capital Improvement Program (CIP) has grown from approximately \$700 million to over \$1.3 billion and includes over 500 projects. The ongoing projects range from essential parking garage repairs, seawalls, general facility improvements, underground utility infrastructure rehabilitation, and neighborhood improvements, to magnificent recreational facilities and parks.

### **Environmental Sustainability, Communications, Customer Service and Internal Support Functions**

Regarding environmental sustainability, the City established a permanent committee in fiscal year 2008 called the Sustainability Committee, with the objective of providing a mechanism to discuss green environmental issues of concern to the community. To date, the City has implemented the several initiatives recommended by the Committee:

**Development of the Sustainability Plan:** The Sustainability Plan (the "Plan") will assist in the accomplishment of the Key Intended Outcome (KIO) to enhance the environmental sustainability. The Plan provides structure to green initiatives in order to successfully protect the City's natural resources and enhance the social, economic, and environmental well-being of the community. The Plan focuses on ten (10) specific program areas: green building and housing; solid waste management; water conservation and quality; energy conservation; alternative transportation; natural resources and ecosystem management; community outreach and civic participation; green procurement; economic development and planning; and air quality and climate change. The Plan also acts as a guiding document for the Sustainability Committee and serves to focus its agenda and initiatives.

**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 projected payback time is 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. 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:** The maintenance and appearance of our residential neighborhoods and business districts continues to be a priority, along with protecting the quality of life enjoyed by all members of our community. In addition to maintaining initiatives implemented in recent years, the Adopted Work Plan and budget converts a shared position in Real Estate, Housing and Community Development with the Tourism and Culture Department into two full-time positions to provide enhanced monitoring of concessions and special events. Funding is also provided through the Resort Tax fund to provide the enhanced level of staffing for Spring Break and Memorial Day as was implemented during the fiscal year. The Adopted Work Plan and Budget maintains funding for reforestation, replacement of landscaping, pavers, up-lighting, etc. through the Capital Investment Upkeep Account. The availability of quality recreation programs continues to be one of the highest priorities for our community. As a result, the Adopted Work Plan and Budget reflects no reductions in our offering of recreation programs. Successful recreation programs for teens and seniors also continue to be a priority, along with weekly classes in visual or performing arts in after school programs and summer camps.

**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, carbon dioxide 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**

On October 19, 2011, via Resolution No. 2011-27778, the City Commission authorized the Mayor and City Clerk to enter into an agreement between the City and Strategic Advisory Group (SAG) for services relative to the expansion and enhancement of the MBCC District, pursuant to Request for Proposals (RFP) No 33-10/11. SAG, as part of its scope of services, assisted the City in drafting the Request for Qualifications (RFQ) for the master development of the MBCC District. At the December 12, 2012 City Commission meeting, the Commission accepted the recommendation of the City Manager and short-listed first ranked Portman CMC and second ranked South Beach ACE to move forward to Phase II of the RFQ. As part of Phase II SAG will

assist with negotiating Letters of Intent (LOIs) with the shortlisted Proposers. Some of the items that will be negotiated in the LOI include the scope of the renovation and design for the MBCC, the phasing plan, the financing plan, land lease terms (if required) and other economic impacts, hotel room blocks, and traffic impacts. The negotiated LOI's will then be presented to the City Commission for consideration and further action. The Administration will require SAG's continued professional industry consulting services for Phase II work, including assistance with the extensive public master planning process with the community, and the negotiations of the LOIs with Portman CMC and South Beach ACE. The goal of this stage is to complete a master plan and LOI from each short listed team by June 2013. There will be four public community meetings and four City Commission meetings currently planned.

## **Budgeting**

Although the development of our budget this year has been challenging, through rigorous review and good leadership, the Adopted Work Plan and Budget for fiscal year ended September 30, 2012 was balanced and enables the City of Miami Beach to continue delivering outstanding, enhanced services to our residents, businesses and visitors, providing property tax reductions Citywide and fee relief in our Enterprise Funds, and continuing structural enhancements to ensure the long-term sustainability of the City. In summary, the adopted General Fund operating budget maintained current service priorities for the community, despite property tax rates set at 1.2 mills (16 percent) lower than fiscal year 2007 when property values were similar to the 2011 certified values. Further, water, sewer, and storm-water rates were kept flat, absorbing for one year the sewer pass through for increases in the Miami-Dade County wholesale sewer rate.

**Adopted tax rates:** The City Commission adopted a total combined millage rate for the City of Miami Beach of 6.4539. The total adopted operating millage is 6.1655 mills, including a general operating millage rate of 6.0572 and a General Fund Capital Renewal and Replacement millage of 0.1083. The adopted voted debt service millage rate is increased from 0.2870 to 0.2884, an increase of 0.0014 mills. Further, the combined millage rate overall remains approximately 2.2 mills lower than it was in FY 1999/00. In addition, the millage rate is 1.2 mills lower than it was in fiscal year 2007, when property values were similar to the July 1, 2011 certified values. As a result, the adopted property tax levy is lower in fiscal year 2012 than it was in fiscal year 2007 by approximately \$30 million.

**Property Values and Ad Valorem Taxes:** On July 1, 2011, the City received the "2011 Certification of Taxable Value" from the Property Appraiser's Office stating that the taxable value for the City of Miami Beach is \$21,978,289,928 including \$98,792,544 in new construction. The preliminary 2011 value represents a decrease of \$0.1265 billion or 0.6 percent less than the July 1, 2010 Certification of Taxable Value of \$22.1 billion, and a decline of 1.2 percent excluding new construction. This decline was somewhat mitigated by \$99 million in new construction and renovations for an overall 0.6 percent decline in Citywide property tax values. However, because property values in the City Center Redevelopment Area increased by 0.5 percent, the decline outside the City Center RDA, which impacts the City's General Fund revenues, was greater, at 0.8 percent.

**Determining the Voted Debt Service Millage Levy:** The general obligation debt service payment for fiscal year 2012 is approximately \$6.02 million. Based on the July 1, 2011 Certified Taxable Value from the Property Appraiser, these bonds would require the levy of a voted debt service millage of 0.2884 mills. This represents an increase of 0.0014 mills.

**Efficiencies and Reductions:** As with the preparation of budgets for the last four years, departments continued to analyze and present their budgets from two perspectives: 1) reviewing for potential efficiencies, reorganizations to reduce cost, etc., without impacting services; and 2) performing a modified zero-based analysis of each department budget, identifying potential service reduction alternatives versus core functions. For each of the potential service reductions, departments provided the type of impact and magnitude of potential service impacts. Core functions were defined as those functions which, if cut, render it impossible for the department to provide basic service at a reasonable level. However, given the significant reductions in the General Fund over the last 4 years, most of the reductions identified for fiscal year 2012 are more focused on Enterprise Funds. While these do not impact the General Fund millage and property taxes paid by Miami Beach property owners, reductions in these funds in prior years has allowed us to keep the City portion of utility user fees flat longer than previously anticipated.

## 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 Standard 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, 2012, the general obligation bonded debt of the City totaling \$64 million was well below the legal limit of \$3.2 billion. The City's total debt per capita equaled \$5,265 at September 30, 2012.

## 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, 2011. This was the twenty-fifth (25) 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, 2011. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

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

Sincerely,



Jimmy L. Morales  
City Manager



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, 2011

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.



*Christopher P. Moynell*

President

*Jeffrey R. Evers*

Executive Director

# **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, 2012, 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>Total Assets</u>	<u>Total Revenue</u>
Aggregate Remaining Fund Information	81%	66%
Discretely Presented Component Unit	74%	78%
Enterprise Funds	0.3%	12%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the funds and component unit indicated above, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller 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 also includes 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, 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, 2012, 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 April 26, 2013, 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.

Accounting principles generally accepted in the United States of America require that 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 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures did not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules, the statistical and disclosure sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the reports of the other auditors, the combining and individual fund financial statements and the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section and the statistical and disclosure sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*McGladrey LLP*

Miami, Florida  
April 26, 2013

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

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Our discussion and analysis of the City of Miami Beach's (the "City") financial performance provides an overview of the City's financial activities for the year ended September 30, 2012. 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, 2012 by \$1.2 billion (net assets). Of this amount, \$803.9 million was invested in capital assets, net of related debt. Additionally, \$150 million was restricted by laws, agreements, or debt covenants. The City has unrestricted net assets of \$265.3 million.
- During fiscal year 2012, the City's net assets increased by \$74.4 million. Of this increase, \$52.6 million was in governmental activities and the remaining increase of \$21.8 million in business-type activities. For the governmental activities, revenues from charges for services increased by \$6.9 million or 10.7%, operating grants and contributions decreased \$2.1 million or 7.8%, capital grants and contributions increased \$5.5 million or 11.3% and general revenues increased by \$5.5 million or 2.4%, while expenses decreased \$19 million or 6.1%. For the business-type activities, charges for services increased \$11 million or 8.3%, while expenses increased by \$3.4 million or 2.7% over the prior year.
- The City's assets increased by \$112.8 million or 6.6%. The City's total liabilities had a net increase of \$38.4 million or 6.8% during the year. Long term liabilities increased by \$39.2 million or 7.5 %, 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, 2012 the City's governmental fund balance consisted mainly of \$236.2 million in restricted, \$43.6 million in committed, \$47.5 million in assigned and \$.4 million in unassigned fund balance. Enterprise fund's net assets consisted of \$375.7 million in invested in capital assets, net of related debt, \$38.7 million in restricted and \$147 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 \$8.4 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)**

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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)**

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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	
	2011	2012	2011	2012	2011	2012
Current and other assets	\$ 382,576	\$ 394,486	\$ 241,751	\$ 289,803	\$ 624,327	\$ 684,289
Capital assets	546,205	578,838	543,583	563,780	1,089,788	1,142,618
Total assets	<u>928,781</u>	<u>973,324</u>	<u>785,334</u>	<u>853,583</u>	<u>1,714,115</u>	<u>1,826,907</u>
Long-term liabilities						
outstanding	296,636	289,803	228,594	274,613	525,230	564,416
Other liabilities	29,253	27,978	14,823	15,264	44,076	43,242
Total liabilities	<u>325,889</u>	<u>317,781</u>	<u>243,417</u>	<u>289,877</u>	<u>569,306</u>	<u>607,658</u>
Net assets:						
Invested in capital assets,						
net of related debt	400,587	428,246	381,292	375,703	781,879	803,949
Restricted	66,050	108,517	36,062	41,491	102,112	150,008
Unrestricted	136,255	118,780	124,563	146,512	260,818	265,292
Total net assets	<u>\$ 602,892</u>	<u>\$ 655,543</u>	<u>\$ 541,917</u>	<u>\$ 563,706</u>	<u>\$ 1,144,809</u>	<u>\$ 1,219,249</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 \$1.2 billion at September 30, 2012, an increase of \$74.4 million or 6.5% from the prior year.

The largest portion of the City's net assets, \$803.9 million or 65.9%, 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, \$150 million or 12.3% represents resources that are subject to external restrictions on how they may be used. This includes but is not limited to grant proceeds, Redevelopment Agency tax increments, Resort Tax proceeds, impact fees, Interlocal agreements, and debt service requirements. The remaining balance of unrestricted net assets, which is \$265.3 million or 21.8% consists of \$118.8 million from governmental activities and \$146.5 million from business type activities. For financial reporting purposes, these balances are considered unrestricted, however, the majority of these balances are committed or assigned by the City Commission.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. The City's net assets increased by \$74.7 million or 6.5% during the current fiscal year. Governmental activities accounted for an increase of \$52.6

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

million or 70.7% while Business-type accounted for \$21.8 million or 29.3% 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)**

	2011	2012
Revenues:		
Program revenues:		
Charges for services	\$ 64,080	\$ 70,936
Operating grants and contributions	27,185	25,061
Capital grants and contributions	4,401	4,899
General revenues:		
Taxes:		
Property taxes, levied for general purposes	107,849	109,059
Property taxes, levied for debt services	5,600	6,947
Resort taxes	48,774	53,920
Tax increment	46,145	42,411
Utility taxes	10,210	10,293
Communication service	5,859	5,444
Local business	4,243	4,404
Miscellaneous	618	883
Unrestricted investment earnings	3,288	4,750
Total revenues	<u>328,252</u>	<u>339,007</u>
Expenses:		
General government	47,706	41,088
Public safety	176,947	175,283
Physical environment	2,884	2,412
Transportation	10,639	16,084
Economic environment	20,505	4,407
Human services	1,462	2,218
Culture and recreation	43,241	43,713
Interest on long-term debt	10,571	9,739
Total expenses	<u>313,955</u>	<u>294,944</u>
Increase in net assets before transfers and gain on sale of capital assets	14,297	44,063
Transfers	(13,750)	8,328
Gain on sale of capital assets	265	260
Increase in net assets	<u>812</u>	<u>52,651</u>
Net assets - beginning	602,080	602,892
Net assets - ending	<u>\$ 602,892</u>	<u>\$ 655,543</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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**Governmental activities.** Governmental activities increased the City's net assets by \$52.6 million, thereby accounting for 70.7% 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 \$100.9 million and general revenues which amounted to \$238.4 million, for a total of \$339.3 million. Property tax revenue for general purposes which represents 32.1% of total revenues was \$109.1 million. This is an increase of \$1.2 million or 1.1% 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 \$22.1 billion in 2011 to \$21.98 billion in 2012, a decrease of \$.1 billion. The City's operating millage rate was 6.2155 in fiscal year 2011 and 6.1655 in 2012.

Charges for service which represents 20.9% of total revenues was \$70.9 million. This amount is an increase of \$6.9 million or 10.7% over the prior year collections. These charges are primarily derived from Parks and Recreation (including Golf Courses) user fees, ambulance fees, off duty services, franchise fees, rents and leases, license, permits, fines, forfeitures and administrative fees from enterprise funds and some forms of intergovernmental revenues.

Tax increment revenue which represents 12.5% of the revenues was \$42.4 million. This amount is a decrease of \$3.7 million or 8.1% 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 15.9% of revenues was \$53.9 million which is an increase of \$5.1 million or 10.6% 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 \$294.9 million. Significant portions of these expenses were in the public safety, general government and culture and recreation functions.

Public safety function expense was \$175.3 million and represents 59.4% 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 decreased by \$1.7 million or 1% from the prior year.

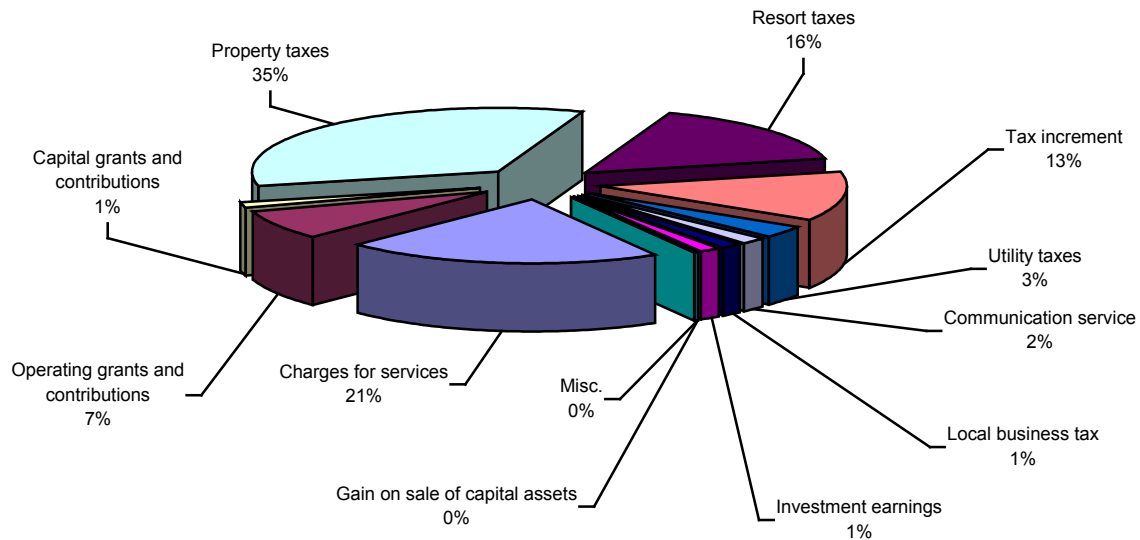
General government function expense was \$41 million and represents 13.9% of total expense. The City's general government function includes the City attorney's office, public works department, planning department, capital investment and upkeep office, budget and finance office, office of procurement, city managers office, city clerk's office, human resources office and other special projects. Expenditures in this function decreased by \$6.6 million from the prior year.

Culture and recreation function expense was \$43.7 million or represents 14.8% of total expenses. The City's culture and recreation function includes expenses for grant funded culture and recreation activities,

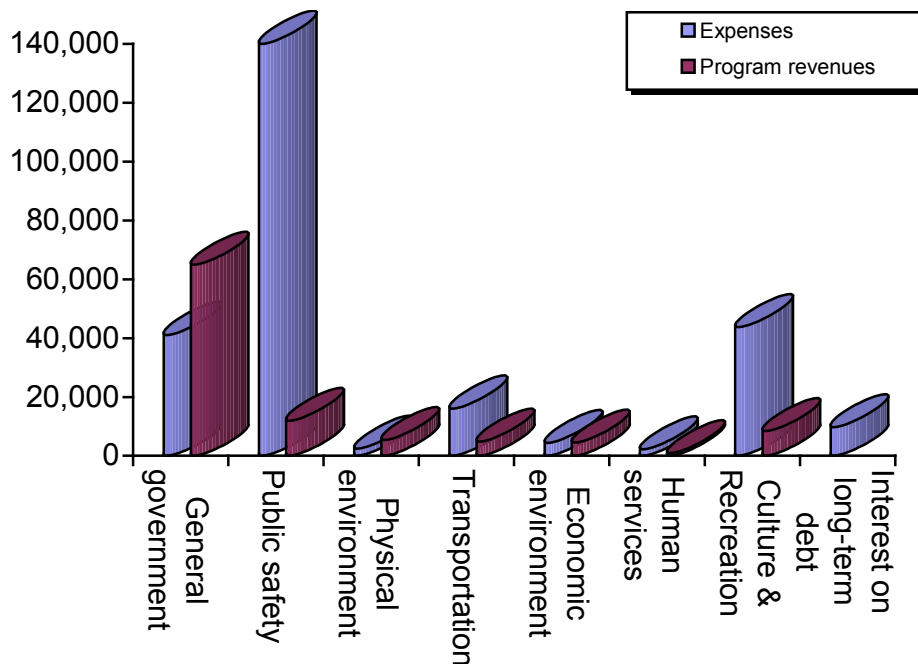
## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

the City's parks and recreation department, Office of Tourism and Cultural Development, Bryon and Colony theater operations, golf course operations, and a variety of arts, cultural and entertainment programs. Expenses in this function had a net increase of \$.5 million or 1.1% from the prior year.

### Revenue by Source – Governmental Activities for the year ended September 30, 2012 (in thousands)



### Expenses and Program Revenues – Governmental Activities for the year ended September 30, 2012 (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)		
	2011	2012
Revenues:		
Program revenues:		
Charges for services	\$ 132,076	\$ 143,078
Operating grants and contributions	13,944	10,659
Capital grants and contributions		
General revenues:		
Tax increments	3,071	3,046
Unrestricted investment earnings	1,714	1,391
Total revenues	<u>150,805</u>	<u>158,174</u>
Expenses:		
Storm water	4,831	6,714
Water	28,376	27,124
Sewer	29,548	28,206
Parking	28,674	28,773
Convention Center	14,270	17,666
Sanitation	15,833	15,487
Redevelopment Agency's Parking	3,002	3,398
Redevelopment Agency's Leasing	245	803
Total expenses	<u>124,779</u>	<u>128,171</u>
Increase in net assets before transfers and gain (loss) on sale of capital assets	26,026	30,003
Gain (loss) on sale of capital assets	13,750	(8,328)
Transfers	75	114
Increase in net assets	<u>39,851</u>	<u>21,789</u>
Net assets - beginning	502,066	541,917
Net assets - ending	<u>\$ 541,917</u>	<u>\$ 563,706</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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**Business-type activities.** Business-type activities increased the City's net assets by \$21.8 million, thereby accounting for 29.3% of the total growth in the net assets of the City.

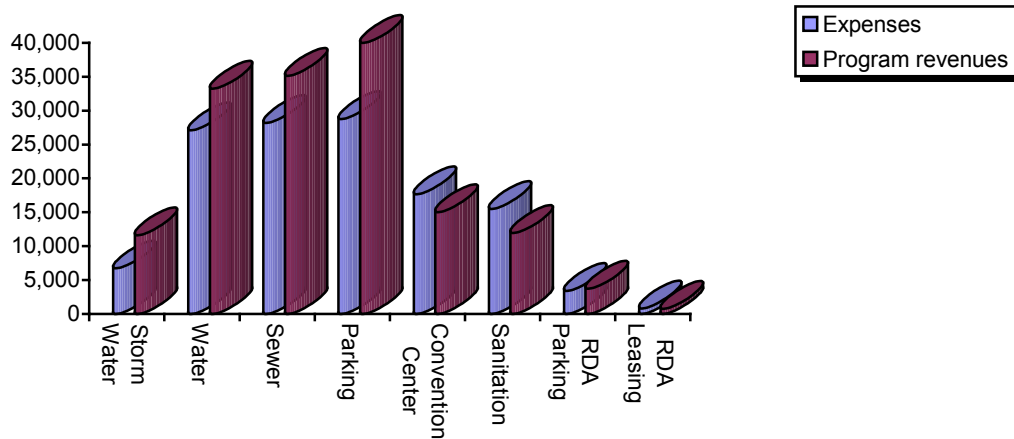
Key elements of the net increase are as follows:

- The Stormwater fund had a change in net assets of \$4.6 million. Operating revenues decreased by \$71,707 or .6% and operating expenses increased by \$ .5 million or 12.3% from the prior year. Net non-operating expenses were \$1.5 million, and consisted of \$1.8 million in interest and fiscal charges, \$61,148 in gains on disposal of capital assets and \$298,939 in interest income. Fiscal Year 2012 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 \$13.2 million. Operating revenues decreased by \$277,658 million or .4% and operating expenses decreased by \$2.1 million or 3.8% from the prior year. Net non-operating expenses were \$1.5 million and consisted of \$1.9 million in interest and fiscal charges, \$34,934 in gain on disposal of capital assets and \$410,661 in interest income. Fiscal Year 2012 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 \$5.3 million. Operating revenues increased by \$2.2 million or 5.6% and operating expenses increased by \$636,303 or 2.3% from the prior year. Net non-operating expenses were \$ .3 million and consisted of \$815,935 in interest and fiscal charges, \$14,188 in gain on disposal of capital assets and \$499,677 in interest income. At the beginning of the Fiscal Year, the Parking System hourly rates for metered parking, in the South Beach Parking Zone, were increased by \$.25 or 16.6%, from \$1.50 to \$1.75. The hours of enforcement for this parking zone continue to be 9 AM to 3 AM. Metered parking hourly rates in the middle and north areas continue to be \$1.00 and hours of enforcement are 8 AM to 6 PM.
- The Convention Center Fund had a change in net assets or loss of \$2.9 million. Operating revenues increased by \$4.2 million or 38.3% and operating expenses increased by \$3.6 million or 25.5% from the prior year. Net non-operating revenues were \$90,090 consisting of interest only. The Convention Center largest operating expense was depreciation expense on capital assets, which was \$5.6 million in 2012 and \$5.6 million in 2011. Historically the Convention Center fund has had net operating losses of approximately \$3 million annually, with, \$2.8 million in 2007, \$3.1 million in 2008, \$3.2 million in 2009, \$1.8 million in 2010 and \$3.2 million in 2011.
- Other Enterprise Funds, which includes the Sanitation, Miami Beach Redevelopment Agency's (RDA) Parking and Leasing funds, had a change in net assets of \$1.6 million. The Parking funds accounts for the Anchor garage and Penn garage. The Leasing funds accounts for the Anchor Shoppe and Penn Shoppe. Operating revenues increased by \$1.6 million or 9.3% and operating expenses increased by \$1 million or 5.3% from the prior year. Net non-operating revenues were \$79,527 and consisted of \$16,179 in interest and fiscal charges, \$3,953 in gain on disposal of capital assets and \$91,753 in interest income.

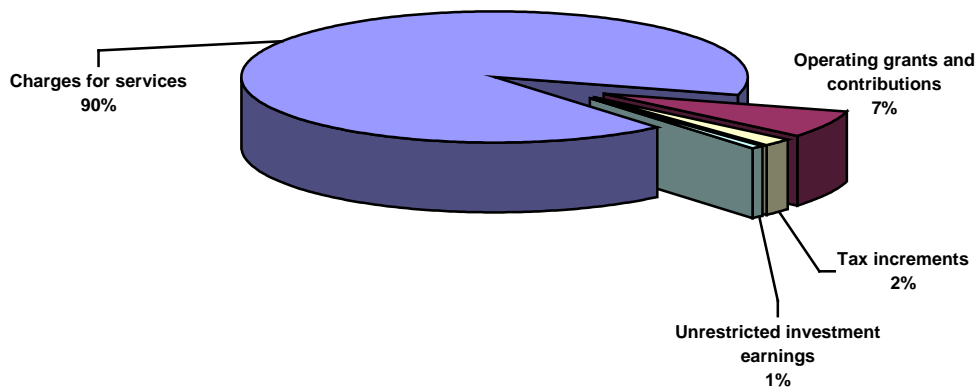
## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The following chart shows a comparison of expenses to program revenues for business-type activities for fiscal year 2012:

**Expenses and Program Revenues – Business-type Activities  
for the year ended September 30, 2012 (in thousands)**



**Revenue by Source – Business-type Activities  
for the year ended September 30, 2012 (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.

<b>Governmental Funds</b> (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, 2011	\$ 55,776	\$ 10,108	\$ 16,602	\$ 180,914	\$ 52,516	\$ 315,916
Revenues	210,429	54,673	31,049	15,229	29,846	341,226
Expenditures	(232,245)	(11,241)	(10,730)	(33,964)	(44,137)	(332,317)
Other financing sources (uses)	26,892	(38,063)	(20,796)	6,064	28,150	2,247
Fund balances						
Sept. 30, 2012	<u>\$ 60,852</u>	<u>\$ 15,477</u>	<u>\$ 16,125</u>	<u>\$ 168,243</u>	<u>\$ 66,375</u>	<u>\$ 327,072</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 \$60.9 million. This consisted mainly of \$291,271 in unrealized gains on the City's investments, \$5.2 million restricted for the future funding of the City's building department operations, \$41.6 million for emergencies, \$515,257 in purchase commitments, \$3.9 million in unassigned funds and \$9.3 million assigned by the City Commission future years shortfall.

The general fund's net change in fund balance for the fiscal year was \$5.1 million. One key factor in this growth was the ability to maintain expenditures under budgeted amounts. Overall revenues had a net increase of \$8.7 million or 4.3% over the prior year. Ad-valorem tax, which is 52.5% of the general fund revenue collected, increased by \$515,257 or less than 1%. There were also increases in Permits of \$3.2 million or 25.1% and interest of \$1.4 million or 62%. Expenditures in the general fund also increased by \$8.1 million or 3.6%, primarily in the public safety function. Net other financing sources increased by \$3.9 million or 17.2% over the prior fiscal year. At the end of the fiscal year, fund balance excluding the nonspendable portion, represents 26.2% 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 \$15.5 million. Resort tax collected during the year was \$53.9 million, an increase of \$5.1 million or 10.6% from the prior fiscal year. Net other financing uses, which was \$38.1 million decreased by \$1.5 million or 3.8% and expenditures increased by \$2.9 million or 34.2%. The resort tax fund balance increased by \$5.4 million or 53.1% from the prior fiscal year and represents 138% of total resort tax fund expenditures for the fiscal year.

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

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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 \$31 million, which is an decrease of \$2.2 million or 6.6%, and net other financing uses decreased by \$15.1 million or 262.1% and expenditures decreased by \$13.2 million or 55.1%. The fund balance of the Miami Beach Redevelopment Agency Special Revenue Fund decreased by \$476,359 million or 2.9% from the prior fiscal year and represents 150% 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 \$3.2 million a decrease of \$621,792 from the prior fiscal year. Tax increment which was \$11.4 million also decreased by \$1.6 million or 12% from the prior fiscal year. Net other financing sources which was \$6.1 million decreased by \$239,481 million or 3.8% from the prior fiscal year. Capital outlay totaled \$34 million in the current year. The capital projects fund balance decreased by \$12.6 million or 7% from the prior fiscal year and represents 495% of total capital project fund expenditures for the current fiscal year.

The other governmental funds consist of the City's debt service funds and other special revenue funds, which accounts primarily for grants. Ad Valorem tax collected for debt service was \$6.8 million, and was an increase of \$895,175 or 15.1% over the prior year. Intergovernmental revenue decreased by \$616,510 or 7.4% and net other financing sources which was \$28.1 million increased by \$8.1 million or 40.5%. Expenditures in the fund increased by \$1.5 million or 3.4%. The fund balance increased by \$13.8 million or 26.4 % from the prior year and represents 150% 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 reflects how actual results compare to these budgeted amounts. The amended budget can be modified subsequent to the end of the fiscal year. Detailed budget information can be found in the RSI section of this document.

There were variances between amended budget revenues and actual revenues, with a net difference of \$2.8 million under budget. This variance is due to the fact that the City appropriated \$4.2 million of revenue as a carry forward from unused dollars in both 2009 and 2011, to help balance the fiscal year 2012 budget. While this carryover of \$4.2 million is appropriated as revenue and increases the final budget of the City for budgetary purposes, it does not represent actual revenue of the City from a financial point of view, resulting in a difference between budget and actual. In addition, \$0.2 million in actual property tax revenues were under budget due to more adjustments and appeals that budgeted (0.2%), even though the City budgets at the minimum level of 95% permitted by state law, and \$0.4 million under budget in other taxes, as well as actual franchise fees collected was \$1.2 million in excess of budget; and there was a \$1 million (unbudgeted) unrealized gain on investments reflected on the City's financials which have a non-cash impact for fiscal year 2012. There were also variances between amended budget expenditure and actual expenditure, with a net difference of \$7.9 million under budget. This variance is mainly due to set asides of \$6.8 million. These represent budgeted amounts reserved for future expenditures and include \$2.7 million in reserves for future budget shortfalls, \$3.6 million set aside for fiscal year 2013, as well as \$535,000.00 to be added to the Building Department reserves. These reserves do not represent a financial expenditure for reporting purposes.

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

**General Fund Revenues**  
**for the fiscal year ended September 30, 2012**  
(in thousands)

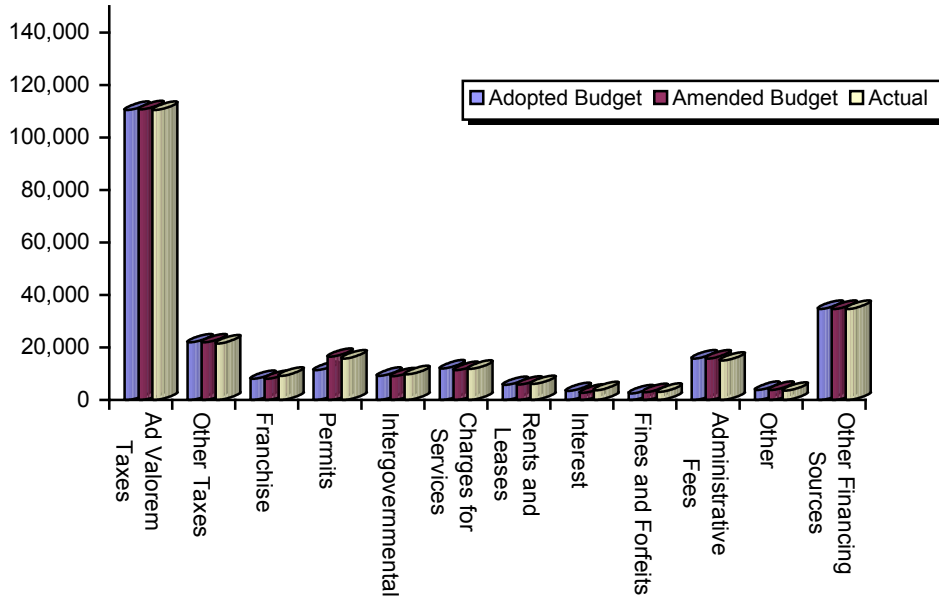
	Original Adopted Budget	Final Amended Budget	Actual
Taxes:			
Property	110,503	\$ 110,748	\$ 110,537
Sales, use, fuel	1,512	1,512	1,401
Utility	10,221	10,221	10,293
Local business	4,237	4,238	4,404
Communication Service	5,987	5,987	5,444
Taxes	<u>132,460</u>	<u>132,706</u>	<u>132,079</u>
Other than taxes:			
Franchise	8,070	8,070	9,261
Permits	11,397	16,470	15,825
Intergovernmental	9,188	9,058	9,799
Charges for services	12,015	11,387	11,896
Rents and leases	5,736	5,874	6,121
Interest income	3,430	2,743	3,776
Fines and forfeits	2,536	3,018	3,101
Administrative fees	15,832	15,831	15,018
Other	3,850	3,849	3,553
Other financing sources	34,725	34,725	34,745
Fund balance	5,098	4,254	
Other than taxes	<u>111,877</u>	<u>115,279</u>	<u>113,095</u>
Total revenues	<u>\$ 244,337</u>	<u>\$ 247,985</u>	<u>\$ 245,174</u>

**General Fund Expenditures**  
**for the fiscal year ended September 30, 2012**  
(in thousands)

	Original Adopted Budget	Final Amended Budget	Actual
General government	\$ 35,872	\$ 36,599	\$ 36,053
Public safety	161,320	158,177	157,999
Physical environment	2,517	2,106	2,106
Transportation	3,820	3,704	3,653
Economic environment	799	789	785
Human services	1,445	1,365	1,307
Culture and recreation	29,431	28,771	28,771
Capital Outlay	439	396	180
Debt service	1,319	1,391	1,391
Other financing uses	7,375	7,852	7,852
Fund balance		6,835	
Total expenditure	<u>\$ 244,337</u>	<u>\$ 247,985</u>	<u>\$ 240,097</u>

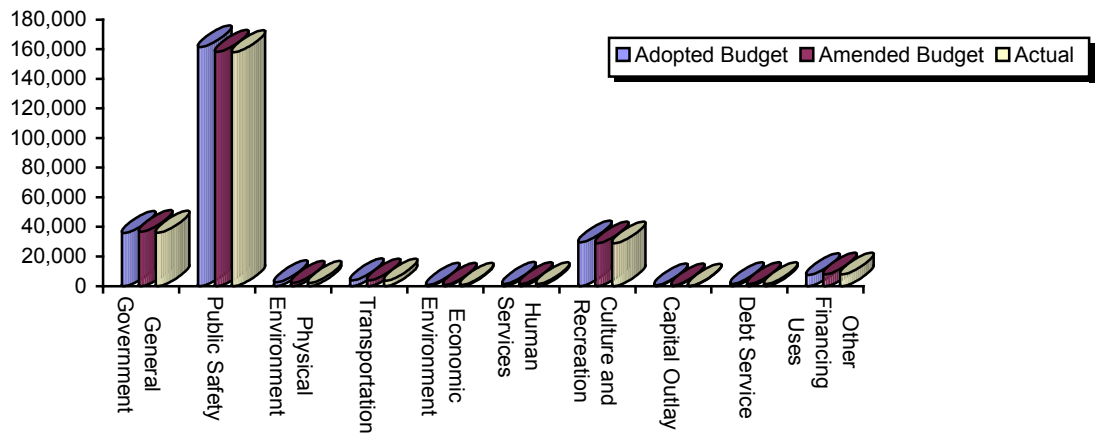
# MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

**General Fund Revenues**  
for the year ended September 30, 2012 (in thousands).



The following chart and table summarizes actual expenditures by function/program for fiscal year 2012 and compares expenditures with Adopted Budget, Amended Budget and Actual.

**General Fund Expenditure**  
for the year ended September 30, 2012 (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, 2012 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	
	2011	2012	2011	2012	2011	2012
Land	\$ 45,832	\$ 50,722	\$ 24,274	\$ 24,274	\$ 70,106	\$ 74,996
Intangible assets	4,182	4,182	4,318	4,318	8,500	8,500
Construction						
work-in-progress	224,175	260,290	198,884	210,211	423,059	470,501
Building & Structure	61,678	60,036	162,165	180,325	223,843	240,361
Permanent						
improvements	132,691	128,333	10,259	7,770	142,950	136,103
Furniture, Fixtures						
& Equipment	15,020	16,950	46,759	42,118	61,779	59,068
Infrastructure	62,627	58,325	96,924	94,763	159,551	153,088
Total	<u>\$ 546,205</u>	<u>\$ 578,838</u>	<u>\$ 543,583</u>	<u>\$ 563,779</u>	<u>\$ 1,089,788</u>	<u>\$ 1,142,617</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:

- Substantially completed construction of the Serpentine Walkway the scope included, design, permitting, bid and award and reconstruction of the Serpentine Walkway, a 0.4 mile path running North-South along Lummus Park, from 11th to 14th Lane. It also included the rehabilitation of 10th Street beach access entrance.
- Continued construction of Sunset Island 1 & 2. Scope includes roadway reconstruction, planting strip restoration, water line replacement and upgrade, valley gutter installation and stormwater upgrades.
- Completed construction of Sunset Harbor Garage which has approximately 460-spaces. 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.
- Continued construction of Flamingo Tennis Center This project is included in the City of Miami Beach Parks Program. The project includes: demolition of the Abel Holtz Tennis Center; the replacement of the Tennis Center and courts; landscaping; lighting; renovation of restrooms and other buildings; and resurfacing of the football fields.
- Continued construction of Bayshore Bid Package C - Lake Pancoast - Neighborhood #8. The area includes Flamingo Drive, West 24th Street, West 25th Terrace, and Lake Pancoast Drive. Scope includes street resurfacing, sidewalk repair, planting strip restoration, curb and gutter upgrades, enhanced landscaping, entryway features, enhanced street signage, streetlight upgrades, water main

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

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rehabilitation on Flamingo Dr., and improve on-street parking.

- Continued construction of South Pointe Streetscape – Phase III, which includes improvements include installation of new stormwater infrastructure within Priority Basin 1 to meet the Master Plan recommended level of service; streetscape Improvements, including new sidewalks; and crosswalks, traffic calming measures and installation of bump-outs at crosswalks; enhanced landscaping within median, swale and bump out areas; pedestrian lighting; bike lanes; and parking improvements. Additional scope of work includes select reconstruction of roadways and alleyways, implementation of new stormwater design for alleyways and “hot spots”, replacement of approximately an additional 2,140 LF of water mains, environmental engineering and testing for contaminated sites, cleaning and videotaping of the existing stormwater system.
- Continued construction of the Nautilus Neighborhood; including all of the area from Surprise Lake, south to the south end of the 41st Street right-of-way, and from Biscayne Bay east to the Indian Creek waterway, inclusive of the Orchard Park sub-neighborhood. The project scope include street resurfacing; swale restoration; repair of sidewalks; street lighting upgrades to correct deficiencies and provide pedestrian lighting; enhanced landscaping within the street ROW; and entryway features. Phase II scope is Nautilus West (approx. 22,200 I.f.). Phase I scope is Orchard Park (approx. 12,700 I.f.). Integrated with waterline replacements in Orchard Park and Nautilus West for approximately 31,150 I.f. and with drainage improvements to Basins 92, 97, and 99 per Stormwater Master Plan.
- Continued construction of the Collins Canal Enhancement Project which includes the development of the Dade Blvd Bike path, a recreational greenway that will connect to the Venetian Causeway Bike Path and the Beachwalk, as well as seawall restoration for the north bank of the canal. The major bikeway artery will tie into a regional network of planned recreational trails/alternative transportation routes, called the Atlantic Greenway Network, connecting five public parks, eight beach access areas, and seven regional parking facilities in Miami Beach. This project is part of the larger Atlantic Greenway Network, which aims to promote the use of alternative transportation and reduce traffic congestion. The Collins Canal project will provide environmental, social, and human health benefits to the community.

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

### **Long-term Debt**

At the end of the current fiscal year the City had total bonded debt, loans and other long-term debt of \$474 million. Governmental activities debt decreased by \$12.3 million or 5.5% while business-type activities debt increased by \$44.4 million or 20.4%.

Throughout the fiscal year, the City received additional equipment loan proceeds of \$5.8 million.

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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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

	Governmental activities		Business-type activities		Total	
	2011	2012	2011	2012	2011	2012
General obligation	\$ 68,280	\$ 64,045	\$	\$	\$ 68,280	\$ 64,045
Special obligation	131,869	121,498			131,869	121,498
Revenue bonds			216,131	260,222	216,131	260,222
Loans	9,438	11,815	1,670	2,025	11,108	13,840
Other debt	14,879	14,780			14,879	14,780
Total	<u>\$ 224,466</u>	<u>\$ 212,138</u>	<u>\$ 217,801</u>	<u>\$ 262,247</u>	<u>\$ 442,267</u>	<u>\$ 474,385</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, 2012**

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>ASSETS</b>				
Cash and investments	\$ 349,434,380	125,046,479	\$ 474,480,859	\$ 3,510,127
Cash with fiscal agent	250,000		250,000	
Receivables (net)	15,564,344	14,471,372	30,035,716	421,783
Due from other governments	2,259,413		2,259,413	
Internal balances	(6,514,429)	6,514,429		
Prepaid expenses	1,259,733	187,387	1,447,120	
Inventories	241,011	2,159,591	2,400,602	
Restricted cash and investments	29,559,311	138,884,499	168,443,810	
Deferred charges	2,432,055	2,539,409	4,971,464	
Capital assets not being depreciated:				
Land	50,721,979	24,274,408	74,996,387	
Intangible assets	4,181,941	4,318,059	8,500,000	
Construction in progress	260,289,735	210,211,235	470,500,970	
Capital assets net of accumulated depreciation:				
Buildings and structures	60,036,051	180,325,055	240,361,106	
Permanent improvements	128,333,189	7,769,580	136,102,769	
Machinery and equipment	16,950,692	42,118,234	59,068,926	38,390
Infrastructure	58,324,702	94,763,037	153,087,739	
Total assets	973,324,107	853,582,774	1,826,906,881	3,970,300
<b>LIABILITIES</b>				
Accounts payable	14,099,831	8,530,281	22,630,112	9,071
Retainage payable	4,342,000	2,305,107	6,647,107	
Accrued expenses	3,476,645	3,529,481	7,006,126	527,875
Accrued interest payable	1,854,529		1,854,529	
Unearned revenue	4,193,901	878,556	5,072,457	
Due to other governments	11,219	19,771	30,990	
Noncurrent liabilities:				
Due within one year	33,488,693	14,513,693	48,002,386	
Due in more than one year	256,314,294	260,099,736	516,414,030	
Total liabilities	317,781,112	289,876,625	607,657,737	536,946
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	428,246,552	375,703,323	803,949,875	38,390
Restricted for:				
Debt Service	10,082,746	38,684,649	48,767,395	
Economic development	22,756,110	2,806,670	25,562,780	
Capital Improvement	30,441,408		30,441,408	
Transportation	29,872,491		29,872,491	
Building operations	5,188,291		5,188,291	
Public safety	2,862,112		2,862,112	
Quality of life improvement	7,313,399		7,313,399	
Health facilities				1,040,469
Visitors and conventions				2,354,495
Unrestricted	118,779,886	146,511,507	265,291,393	
Total net assets	\$ 655,542,995	\$ 563,706,149	\$ 1,219,249,144	\$ 3,433,354

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, 2012

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	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 41,088,006	\$ 55,699,107	\$ 8,963,420	\$ 259,205	\$ 23,833,726	\$	\$ 23,833,726	\$
Public safety	175,282,705	7,934,329	3,210,522	792,106	(163,345,748)		(163,345,748)	
Physical environment	2,412,040		5,408,130		2,996,090		2,996,090	
Transportation	16,084,458	17,745	1,002,310	3,847,982	(11,216,421)		(11,216,421)	
Economic environment	4,406,521		4,463,172		56,651		56,651	
Human services	2,218,460		911,740		(1,306,720)		(1,306,720)	
Culture and recreation	43,713,126	7,284,999	1,101,929		(35,326,198)		(35,326,198)	
Interest on long-term debt	9,739,449				(9,739,449)		(9,739,449)	
Total governmental activities	294,944,765	70,936,180	25,061,223	4,899,293	(194,048,069)		(194,048,069)	
Business-type activities:								
Storm Water	6,713,885	11,612,237				4,898,352	4,898,352	
Water	27,124,273	33,172,990	68,096			6,116,813	6,116,813	
Sewer	28,205,784	35,091,105	66,584			6,951,905	6,951,905	
Parking	28,773,051	38,185,494	4,157,160			13,569,603	13,569,603	
Convention Center	17,666,204	9,969,719	5,052,273			(2,644,212)	(2,644,212)	
Sanitation	15,486,538	10,618,294	1,315,308			(3,552,936)	(3,552,936)	
Redevelopment Agency's Parking	3,398,491	3,698,898				300,407	300,407	
Redevelopment Agency's Leasing	803,023	729,196				(73,827)	(73,827)	
Total business-type activities	128,171,249	143,077,933	10,659,421			25,566,105	25,566,105	
Total primary government	\$ 423,116,014	\$ 214,014,113	\$ 35,720,644	\$ 4,899,293	(194,048,069)	25,566,105	(168,481,964)	
<b>Component units:</b>								
Visitor and Convention Health Facilities	\$ 2,526,039	\$	\$ 30,000	\$				(2,496,039)
	175							(175)
Total component units	\$ 2,526,214	\$	\$ 30,000	\$				(2,496,214)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					109,057,816		109,057,816	
Property taxes, levied for debt service					6,946,626		6,946,626	
Resort taxes					53,920,167		53,920,167	2,089,371
Tax increment					42,411,382	3,046,200	45,457,582	
Utility taxes					10,293,270		10,293,270	
Local business tax					4,404,357		4,404,357	
Communication service tax					5,443,905		5,443,905	
Miscellaneous					883,457		883,457	644,350
Gain on sale of capital assets					259,635	114,222	373,857	
Unrestricted investment earnings					4,749,664	1,391,120	6,140,784	8,004
Transfers					8,328,465	(8,328,465)		
Total general revenues and transfers					246,698,744	(3,776,923)	242,921,821	2,741,725
Change in net assets					52,650,675	21,789,182	74,439,857	245,511
Net assets - beginning					602,892,320	541,916,967	1,144,809,287	3,187,843
Net assets - ending					\$ 655,542,995	\$ 563,706,149	\$ 1,219,249,144	\$ 3,433,354

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

**CITY OF MIAMI BEACH, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2012**

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 62,245,717	\$ 13,081,714	\$ 20,947,551	\$ 180,573,227	\$ 68,117,398	\$ 344,965,607
Receivables (net of allowance for uncollectibles)	7,995,500	4,315,565	20,612	54,019	1,049,894	13,435,590
Accrued interest	1,112,437			180,278	0	1,292,715
Due from other funds	2,435,955		625,145	340,957	259,122	3,661,179
Due from other governments	45,049			307,038	1,907,326	2,259,413
Prepaid expenditures	10,558		4,490		0	15,048
Total assets	<u>\$ 73,845,216</u>	<u>\$ 17,397,279</u>	<u>\$ 21,597,798</u>	<u>\$ 181,455,519</u>	<u>\$ 71,333,740</u>	<u>\$ 365,629,552</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 2,960,382	\$ 306,041	\$ 2,037,755	\$ 3,436,781	\$ 2,540,741	\$ 11,281,700
Retainage payable				3,414,731	890,186	4,304,917
Accrued expenditures	1,562,200	778,657	22,147	327,695	639,234	3,329,933
Unearned/deferred revenues	7,103,784				380,735	7,484,519
Due to other governments	3,500				7,719	11,219
Due to other funds	1,362,946	835,401	3,412,517	6,033,708	500,366	12,144,938
Total liabilities	<u>12,992,812</u>	<u>1,920,099</u>	<u>5,472,419</u>	<u>13,212,915</u>	<u>4,958,981</u>	<u>38,557,226</u>
Fund balances:						
Nonspendable	10,558		4,490			15,048
Restricted	5,188,291	15,477,180	16,120,889	145,040,871	54,407,673	236,234,904
Committed	3,915,257			26,922,060	12,801,133	43,638,450
Assigned	47,506,132				42,116	47,548,248
Unassigned	4,232,166			(3,720,327)	(876,163)	(364,324)
Total fund balances	<u>60,852,404</u>	<u>15,477,180</u>	<u>16,125,379</u>	<u>168,242,604</u>	<u>66,374,759</u>	<u>327,072,326</u>
Total liabilities and fund balances	<u>\$ 73,845,216</u>	<u>\$ 17,397,279</u>	<u>\$ 21,597,798</u>	<u>\$ 181,455,519</u>	<u>\$ 71,333,740</u>	<u>\$ 365,629,552</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, 2012**

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**Total fund balances - governmental funds** **\$ 327,072,326**

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	\$	50,113,459	
Intangible assets		4,181,941	
Construction in progress		260,262,735	
Building and structure		107,087,770	
Permanent improvements		213,457,582	
Machinery and equipment		12,254,228	
Infrastructure		160,071,533	
Accumulated depreciation		<u>(245,138,694)</u>	
Total capital assets			562,290,554

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	\$	(202,331,204)	
Compensated absences		(17,616,059)	
Accrued interest payable		(1,854,529)	
OPEB		<u>(30,834,973)</u>	
Total long term liabilities			(252,636,765)

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:	2,385,706
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Some Deferred Revenues have met the earned criteria for recognition in the Statement of Activities.	3,290,619
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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.	13,140,555
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<b>Net assets of governmental activities</b>	<b><u>\$ 655,542,995</u></b>
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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, 2012

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property	\$ 110,536,848	\$	\$	\$	\$ 6,830,953	\$ 117,367,801
Sales, use and fuel	1,401,313				2,978,058	4,379,371
Utility	10,293,270					10,293,270
Resort		53,920,167				53,920,167
Local business	4,404,357					4,404,357
Tax increment			30,986,319	11,425,063		42,411,382
Communication service	5,443,905					5,443,905
Other					2,258,068	2,258,068
Franchise fees	9,261,120					9,261,120
Permits	15,825,051					15,825,051
Intergovernmental	9,799,143			3,200,673	7,726,674	20,726,490
Charges for services	11,896,322				3,897,052	15,793,374
Rents and leases	6,120,590		34,375			6,154,965
Interest	3,775,500	83,162	22,819	442,844	147,429	4,471,754
Fines and forfeitures	3,101,050				290,515	3,391,565
Administrative fees	15,018,027					15,018,027
Special assessment		662,091		34,909		697,000
Impact fees					5,319,311	5,319,311
Other	3,552,603	8,557	6,453	125,523	397,739	4,090,875
Total revenues	210,429,099	54,673,977	31,049,966	15,229,012	29,845,799	341,227,853
<b>EXPENDITURES</b>						
Current:						
General government	36,052,748	1,160,882	6,812,145		319,713	44,345,488
Public safety	157,999,144		3,411,726		8,204,953	169,615,823
Physical environment	2,105,830				28,711	2,134,541
Transportation	3,652,800				1,837,082	5,489,882
Economic environment	784,504				4,752,362	5,536,866
Human services	1,306,909				909,718	2,216,627
Culture and recreation	28,771,043	10,080,318	506,242		1,698,653	41,056,256
Capital Outlay	180,445			33,964,870	3,992,653	38,137,968
Debt service:						
Principal retirement	750,000				13,170,633	13,920,633
Interest and fiscal charges	641,121				9,222,785	9,863,906
Total expenditures	232,244,544	11,241,200	10,730,113	33,964,870	44,137,263	332,317,990
Excess (deficiency) of revenues over (under) expenditures	(21,815,445)	43,432,777	20,319,853	(18,735,858)	(14,291,464)	8,909,863
<b>OTHER FINANCING SOURCES (USES)</b>						
Refunding bonds issued					34,840,000	34,840,000
Premium on refunding bonds issued					3,117,141	3,117,141
Payment to escrow agent					(37,957,141)	(37,957,141)
Sale of capital assets	29,125		5,196			34,321
Transfers in	34,715,440		4,925,168	22,443,082	29,840,699	91,924,389
Transfers out	(7,852,283)	(38,063,307)	(25,726,576)	(16,379,026)	(1,691,043)	(89,712,235)
Total other financing sources (uses)	26,892,282	(38,063,307)	(20,796,212)	6,064,056	28,149,656	2,246,475
Net change in fund balances	5,076,837	5,369,470	(476,359)	(12,671,802)	13,858,192	11,156,338
Fund balances - beginning of year	55,775,567	10,107,710	16,601,738	180,914,406	52,516,567	315,915,988
Fund balances - end of year	\$ 60,852,404	\$ 15,477,180	\$ 16,125,379	\$ 168,242,604	\$ 66,374,759	\$ 327,072,326

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, 2012**

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**Net change in fund balance - total governmental funds** **\$ 11,156,338**

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	\$	38,137,968	
Contributions proprietary funds, net		4,552,419	
Deletions		(4,973)	
Depreciation expense		(12,188,839)	
Excess of capital outlay over depreciation expense			30,496,575

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	\$	13,574,707	
Refunding bonds proceeds		(34,840,000)	
Refunding bonds payoff		35,970,000	
Bond premium		(3,117,141)	
Deferred refunding costs		1,726,253	
Prepaid closing costs		387,756	
Amortization of deferred refunding costs		(122,429)	
Amortization of net bond premium		557,958	
Amortization of prepaid closing costs		(434,173)	
OPEB		(7,960,000)	
Total long term-debt retirement and related transactions			5,742,931

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:

Decrease in compensated absences	\$	1,356,439	
Decrease in accrued interest expense		405,770	
Total additional expense			1,762,209

Deferred revenue that meet the revenue recognition criteria in the Statement of Activities, but not the fund statements, i.e. property taxes. (1,363,359)

Internal funds are used by management to charge the costs of fleet management, property management, central services, self insurance, and communications to individual funds. 4,855,981

<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>52,650,675</b>
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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, 2012**

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 8,823,448	\$ 34,021,453	\$ 43,518,359	\$ 12,237,627	\$ 26,445,592	\$ 125,046,479	\$ 34,028,084
Cash with fiscal agent							250,000
Restricted cash and investments:							
Revenue bonds covenant	1,613,175	9,666,424	866,836			12,146,435	
Accounts receivable (net of allowance for uncollectibles)	1,031,736	6,250,894	4,774,433	1,231,580	973,756	14,262,399	836,039
Accrued interest receivable	131,126	54,322	23,525			208,973	
Due from other funds		1,236	4,894,418		2,749,208	7,644,862	2,136,180
Prepaid expenses			16,774	137,472	33,141	187,387	1,244,684
Inventories		2,120,551	39,040			2,159,591	241,011
Total current assets	<u>11,599,485</u>	<u>52,114,880</u>	<u>54,133,385</u>	<u>13,606,679</u>	<u>30,201,697</u>	<u>161,656,126</u>	<u>38,735,998</u>
Noncurrent assets:							
Restricted cash and investments:							
Customer deposits		7,370,352	21,829	1,639,779	259,661	9,291,621	
Interlocal agreement				2,806,858		2,806,858	
Revenue bonds covenant	54,128,254	46,194,788	14,316,543			114,639,585	
Deferred charges	758,185	1,268,545	511,971		708	2,539,409	46,349
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	88,224,661	166,093,610	31,076,794	293,317,552	2,601,827
Parking lots			6,180,726			6,180,726	
Mains and lines	17,166,113	108,166,251				125,332,364	
Meters and hydrants		12,676,254	2,680,094			15,356,348	
Machinery and equipment	1,904,950	47,185,093	8,501,819	12,959,043	2,997,083	73,547,988	58,093,028
Construction in progress	80,000,285	89,712,018	22,431,195	17,955,036	112,701	210,211,235	27,000
Less accumulated depreciation	(2,891,142)	(59,496,151)	(29,852,962)	(87,648,920)	(8,869,897)	(188,759,072)	(44,782,640)
Total capital assets (net of accumulated depreciation)	<u>96,180,206</u>	<u>207,658,550</u>	<u>119,767,070</u>	<u>111,448,140</u>	<u>28,725,642</u>	<u>563,779,608</u>	<u>16,547,735</u>
Total noncurrent assets	<u>151,066,645</u>	<u>262,492,235</u>	<u>134,617,413</u>	<u>115,894,777</u>	<u>28,986,011</u>	<u>693,057,081</u>	<u>16,594,084</u>
Total assets	<u>162,666,130</u>	<u>314,607,115</u>	<u>188,750,798</u>	<u>129,501,456</u>	<u>59,187,708</u>	<u>854,713,207</u>	<u>55,330,082</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	1,753,745	3,789,254	1,088,837	1,281,219	617,226	8,530,281	2,818,131
Retainage payable	539,486	1,281,698	479,978	3,945		2,305,107	37,083
Accrued expenses	789,327	1,832,383	355,695	495,975	56,101	3,529,481	146,712
Due to other funds	21,712	77,862	282,219	661	747,979	1,130,433	166,850
Due to other governments			1,178	4,256	14,337	19,771	
Bonds payable	1,545,000	4,285,000	1,972,110			7,802,110	
Loans payable	29,282	134,607	141,490		167,817	473,196	3,189,216
Deposits		7,370,352		1,639,779		9,010,131	
Accrued compensated absences	71,003	313,568	410,457	1,027	237,086	1,033,141	460,132
Unearned revenue			323,566	514,280	40,710	878,556	
Pending insurance claims							7,060,000
Total current liabilities	<u>4,749,555</u>	<u>19,084,724</u>	<u>5,055,530</u>	<u>3,941,142</u>	<u>1,881,256</u>	<u>34,712,207</u>	<u>13,878,124</u>
Noncurrent liabilities:							
Pending insurance claims							4,732,657
Insurance claims incurred but not reported							14,118,406
Deposits			21,829		254,532	276,361	
Accrued compensated absences	93,246	205,803	398,347	5,971	371,916	1,075,283	834,712
Environmental remediation liability					1,000,000	1,000,000	
Loans payable	164,845	487,198	412,990		487,199	1,552,232	8,625,628
Revenue bonds payable (net of unamortized discounts)	<u>93,101,368</u>	<u>117,221,772</u>	<u>42,067,835</u>			<u>252,390,975</u>	
Total noncurrent liabilities	<u>93,359,459</u>	<u>117,914,773</u>	<u>42,901,001</u>	<u>5,971</u>	<u>2,113,647</u>	<u>256,294,851</u>	<u>28,311,403</u>
Total liabilities	<u>98,109,014</u>	<u>136,999,497</u>	<u>47,956,531</u>	<u>3,947,113</u>	<u>3,994,903</u>	<u>291,007,058</u>	<u>42,189,527</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	42,573,917	109,709,102	83,901,538	111,448,140	28,070,626	375,703,323	4,732,891
Restricted:							
Interlocal agreement				2,806,670		2,806,670	
Debt covenant	12,957,364	19,759,508	5,967,777			38,684,649	
Unrestricted	<u>9,025,835</u>	<u>48,139,008</u>	<u>50,924,952</u>	<u>11,299,533</u>	<u>27,122,179</u>	<u>146,511,507</u>	<u>8,407,664</u>
Total net assets	<u>\$ 64,557,116</u>	<u>\$ 177,607,618</u>	<u>\$ 140,794,267</u>	<u>\$ 125,554,343</u>	<u>\$ 55,192,805</u>	<u>\$ 563,706,149</u>	<u>\$ 13,140,555</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, 2012**

	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	\$ 11,611,713	\$ 68,178,081	\$ 36,821,147	\$ 9,970,492	\$ 10,327,812	\$ 136,909,245	\$ 72,639,565
Permits, rentals, and other	524	220,694	5,521,507	5,051,500	9,080,084	19,874,309	2,239,409
Total operating revenues	<u>11,612,237</u>	<u>68,398,775</u>	<u>42,342,654</u>	<u>15,021,992</u>	<u>19,407,896</u>	<u>156,783,554</u>	<u>74,878,974</u>
Operating expenses:							
Personal services	1,870,953	6,792,596	10,342,637	4,763,165	7,542,179	31,311,530	11,525,725
Operating supplies	41,174	1,063,798	225,343	543,241	128,402	2,001,958	4,756,257
Contractual services	633,052	33,155,079	6,363,160	2,561,983	7,203,250	49,916,524	8,236,799
Utilities	60,902	844,794	969,466	1,032,702	143,422	3,051,286	2,276,250
Insurance			152,791	72,222		225,013	11,817,867
Internal charges	968,633	4,085,988	3,372,560	1,094,630	1,971,192	11,493,003	2,153,523
Depreciation	642,839	3,867,279	3,181,804	5,556,645	1,107,066	14,355,633	5,197,946
Administrative fees	480,677	2,894,979	3,147,440	404,708	1,287,904	8,215,708	1,100,000
Amortization	58,783	178,792	13,240		440	251,255	16,094
Claims and judgements							22,293,325
Other operating	196,193	827,428	435,036	1,717,592	445,862	3,622,111	1,548,112
Total operating expenses	<u>4,953,206</u>	<u>53,710,733</u>	<u>28,203,477</u>	<u>17,746,888</u>	<u>19,829,717</u>	<u>124,444,021</u>	<u>70,921,898</u>
Operating income (loss)	<u>6,659,031</u>	<u>14,688,042</u>	<u>14,139,177</u>	<u>(2,724,896)</u>	<u>(421,821)</u>	<u>32,339,533</u>	<u>3,957,076</u>
Nonoperating revenues							
(expenses):							
Interest and fiscal charges	(1,836,655)	(1,945,358)	(815,935)		(16,179)	(4,614,127)	(281,313)
Gain (loss) on disposal of capital assets	61,148	34,934	14,188		3,953	114,223	225,314
Interest income	298,939	410,661	499,677	90,090	91,753	1,391,120	277,910
Total nonoperating revenues							
(expenses)	<u>(1,476,568)</u>	<u>(1,499,763)</u>	<u>(302,070)</u>	<u>90,090</u>	<u>79,527</u>	<u>(3,108,784)</u>	<u>221,911</u>
Income (loss) before contributions and transfers	5,182,463	13,188,279	13,837,107	(2,634,806)	(342,294)	29,230,749	4,178,987
Capital contributions			(4,811,624)			(4,811,624)	259,205
Transfers in	388	4,268	4,970,954		1,954,305	6,929,915	2,755,273
Transfers out	(589,837)	(146)	(8,652,304)	(310,458)	(7,113)	(9,559,858)	(2,337,484)
Change in net assets	<u>4,593,014</u>	<u>13,192,401</u>	<u>5,344,133</u>	<u>(2,945,264)</u>	<u>1,604,898</u>	<u>21,789,182</u>	<u>4,855,981</u>
Total net assets - beginning	<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>
Total net assets - ending	<u>\$ 64,557,116</u>	<u>\$ 177,607,618</u>	<u>\$ 140,794,267</u>	<u>\$ 125,554,343</u>	<u>\$ 55,192,805</u>	<u>\$ 563,706,149</u>	<u>\$ 13,140,555</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, 2012

	<b>Storm Water Utility Fund</b>	<b>Water and Sewer Fund</b>	<b>Parking System Fund</b>	<b>Convention Center Complex Fund</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>	<b>Governmental Activities- Internal Service Funds</b>
Cash flows from operating activities:							
Cash received from customers	\$ 11,685,855	\$ 69,149,612	\$ 31,704,539	\$ 10,308,452	\$ 9,075,513	\$ 131,923,971	\$ 72,696,280
Cash paid to suppliers	(771,657)	(35,666,381)	(8,135,650)	(6,881,340)	(9,758,205)	(61,213,233)	(28,198,021)
Cash paid to employees	(1,874,738)	(6,759,408)	(10,223,328)	(4,842,842)	(7,520,132)	(31,220,448)	(11,176,984)
Cash paid for claims and judgements							(24,453,677)
Internal charges-payments made to other funds	(1,449,310)	(6,980,967)	(6,520,000)	(1,499,026)	(1,334,607)	(17,783,910)	(4,134,324)
Other operating revenues	524	220,694	5,521,507	5,080,178	9,080,084	19,902,987	2,011,841
Net cash provided by or (used in) operating activities	7,590,674	19,963,550	12,347,068	2,165,422	(457,347)	41,609,367	6,745,115
Cash flows for non-capital financing activities:							
Transfers in	388	4,268	4,970,954		1,687,927	6,663,537	2,755,273
Transfers out	(589,837)	(146)	(8,652,304)	(310,458)	258,877	(9,293,868)	(2,337,484)
Net cash provided by (used in) non-capital financing activities	(589,449)	4,122	(3,681,350)	(310,458)	1,946,804	(2,630,331)	417,789
Cash flows from capital and related financing activities:							
Loan proceeds	16,087	310,579	186,986		230,061	743,713	5,017,412
Bond proceeds	78,705,000					78,705,000	
Repayment of loan-principal	(25,266)	(103,951)	(114,599)		(144,315)	(388,131)	(2,641,048)
Interest and fiscal charges	(1,659,975)	(1,999,816)	(829,589)		(16,301)	(4,505,681)	(284,648)
Bond payments-principal	(1,500,000)	(4,100,000)	(1,909,458)			(7,509,458)	
Payment to escrow agency	(27,633,803)					(27,633,803)	
Net premium	2,649,434					2,649,434	
Bond issuance costs	(784,329)					(784,329)	
Purchase of capital assets	(9,779,617)	(17,652,017)	(9,027,376)	(1,129,389)	(281,735)	(37,870,134)	(7,141,650)
Proceeds from sale of capital assets	61,148	21,082	14,188		4,581	100,999	291,149
Net cash provided by (used in) capital and related financing activities	40,048,679	(23,524,123)	(11,679,848)	(1,129,389)	(207,709)	3,507,610	(4,758,785)
Cash flows from investing activities:							
Interest on investments	167,813	394,907	493,629	90,090	91,753	1,238,192	277,910
Net cash provided by investing activities	167,813	394,907	493,629	90,090	91,753	1,238,192	277,910
Net increase (decrease) in cash and equivalents	47,217,717	(3,161,544)	(2,520,501)	815,665	1,373,501	43,724,838	2,682,029
Cash and investments - beginning of year	17,347,160	100,414,561	61,244,068	15,868,599	25,331,752	220,206,140	31,596,055
Cash and investments - end of year	\$ 64,564,877	\$ 97,253,017	\$ 58,723,567	\$ 16,684,264	\$ 26,705,253	\$ 263,930,978	\$ 34,278,084
Classified as:							
Current assets	\$ 8,823,448	\$ 34,021,453	\$ 43,518,359	\$ 12,237,627	\$ 26,445,592	\$ 125,046,479	\$ 34,278,084
Restricted assets	55,741,429	63,231,564	15,205,208	4,446,637	259,661	138,884,499	
Total cash and investments	\$ 64,564,877	\$ 97,253,017	\$ 58,723,567	\$ 16,684,264	\$ 26,705,253	\$ 263,930,978	\$ 34,278,084
Non-cash transactions affecting financial position:							
Change in construction and related liabilities	\$ 1,550,239	\$ 324,128	\$ (242,859)	\$ (151,614)	\$ 388	\$ 1,480,282	\$
Change in deferred refunding costs	13,922	38,785	(85,706)			(32,999)	
Change in bond discount/premium	41,629	11,268	(102,187)			(49,290)	
Loss on bond refunding	(528,801)					(528,801)	
Capital contributions of capital assets			(4,811,624)			(4,811,624)	
Total Non-cash transactions affecting financial position	\$ 1,076,989	\$ 374,181	\$ (5,242,376)	\$ (151,614)	\$ 388	\$ (3,942,432)	\$

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, 2012

(continued)

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Operating income (loss)	\$ 6,659,031	\$ 14,688,042	\$ 14,139,177	\$ (2,724,896)	\$ (421,821)	\$ 32,339,533	\$ 3,957,076
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:							
Depreciation and amorti- zation	701,622	4,046,071	3,195,044	5,556,645	1,107,506	14,606,888	5,214,040
Provision for uncollectible accounts	(74,472)	(275,548)	7,904	(35,333)	(17,386)	(394,835)	13,073
Changes in assets and liabilities:							
(Increase) decrease in inventories		315,823	(15,569)			300,254	9,997
(Increase) decrease in accounts receivable	141,437	993,798	(432,512)	1,161,003	229,718	2,093,444	(145,457)
(Increase) decrease in due from other govern- ments				28,678		28,678	
(Increase) decrease in due from other funds		(1,236)	(4,831,447)		(1,747,678)	(6,580,361)	(706,326)
(Increase) decrease in prepaid expense			(16,774)	(8,739)	11,739	(13,774)	9,161
Increase (decrease) in accounts payable	(101,061)	61,485	42,427	(1,126,112)	(274,194)	(1,397,455)	1,322,692
Increase (decrease) in retainage payable	20,356	35,653				56,009	37,083
Increase (decrease) in accrued expenses	243,867	(180,207)	39,074	93,504	7,537	203,775	(646,054)
Increase (decrease) in deposits		233,241	1,633	(815,995)	153,313	(427,808)	
Increase (decrease) in due to other governments			(12,925)	3,697	(3,507)	(12,735)	
Increase (decrease) in due to other funds	7,177	21,276	168,119	312	486,959	683,843	(256,261)
Increase (decrease) in unearned revenues			(30,305)	28,285	(500)	(2,520)	
Increase in pending insurance claims							(204,951)
(Decrease) in insurance claims incurred but not reported							(1,955,401)
Increase (decrease) in accrued compensated absences	(7,283)	25,152	93,222	4,373	10,966	126,430	96,443
Total adjustments	931,643	5,275,508	(1,792,109)	4,890,318	(35,527)	9,269,833	2,788,039
Net cash provided by or (used in) operating activities	\$ 7,590,674	\$ 19,963,550	\$ 12,347,068	\$ 2,165,422	\$ (457,348)	\$ 41,609,366	\$ 6,745,115

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, 2012**

	<u>Trust Funds</u>	<u>Agency Fund</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 24,937,301	\$ 10,306,665
Receivables:		
Accounts, net		225,789
Accrued interest	3,268,700	
Contributions	4,732,361	
Other	559,239	
Prepaid expenses	3,845	
Investments, at fair value:		
Short-term investments	603,997	
U.S. Government securities	52,196,074	
Corporate bonds and notes	183,898,055	
Municipal bonds	1,041,326	
Bond Funds	70,830,814	
Foreign Bonds	16,935,871	
Common stocks and index funds	313,895,589	
Aggregated equity funds	341,436,186	
Money market funds	20,171,667	
Private placements	28,822,807	
Real estate funds	20,718,896	
Mutual funds self-directed DROP participants	15,624,132	
Total investments	<u>1,066,175,414</u>	
 Total assets	 <u>1,099,676,860</u>	 <u>10,532,454</u>
<b>Liabilities</b>		
Accounts payable	16,527,939	60,469
Deposits		<u>10,471,985</u>
 Total liabilities	 <u>16,527,939</u>	 <u>10,532,454</u>
<b>Net Assets</b>		
Held in trust for pension benefits	<u>\$ 1,083,148,921</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, 2012**

	<u>Trust Funds</u>
Additions:	
Contributions -	
Employer	\$ 55,562,978
Employee	12,752,425
State of Florida	2,258,068
Buybacks/transfers from other systems	2,435,700
Other	2,181
Total contributions	<u>73,011,352</u>
Investment Income (loss) -	
Net increase/(decrease) in fair value of investments	164,796,023
Interest and dividends income	20,926,319
	<u>185,722,342</u>
Investment management expenses	(3,541,630)
Net investment income	<u>182,180,712</u>
Total additions	<u>255,192,064</u>
Deductions:	
Benefit paid	86,241,443
Contributions refunded	1,017,132
Administrative expenses	1,778,665
Total deductions	<u>89,037,240</u>
Net increase	<u>166,154,824</u>
Net assets held in trust for pension benefits - beginning of year	<u>916,994,097</u>
Net assets held in trust for pension benefits - end of year	<u><u>\$ 1,083,148,921</u></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, 2012**

**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 2012.

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 2012.

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, 2012**  
**(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 2012.

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 17<sup>th</sup> Street, Suite 402A  
Miami Beach, Florida 33139

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

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

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

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**  
**(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, 2012**  
**(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.

*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.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**  
**(Continued)**

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 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

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**  
**(Continued)**

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, 2012:

- 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, 2012, but not collected as of that date;
- c. Resort Taxes Receivable – This amount represents resort taxes due by September 30, 2012, 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, 2012.
- f. Intergovernmental Receivable – This amount represents grant revenue earned but not received by the City as of September 30, 2012 and state revenue sharing received within 45 days of year end.

3. *Inventories and prepaid*

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

Expenditures made for services that will benefit periods beyond September 30, 2012 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. The governmental fund types report unspent bond proceeds as restricted assets on the statement of net assets.

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.

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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.

	<u>Interest Charges</u>	<u>Amount Capitalized</u>
Storm Water Utility	\$ 3,522,486	\$ 1,757,373
Water and Sewer	5,757,767	4,018,915
Parking Systems	2,120,828	1,308,293

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>Capital Assets Category</u>	<u>Capitalizing Threshold</u>	<u>Estimated 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

**CITY OF MIAMI BEACH, FLORIDA**  
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statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs and deferred refinancing costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount and deferred financing costs. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Debt principal payments are reported as debt service expenditures.

8. *Unearned/Deferred Revenue*

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

9. *Net Assets/ Fund Equity*

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:

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 through an ordinance or resolution which are equally binding as the highest decision making authority. The Commission adopts a City resolution, which includes the amount to be committed and the reason for the commitment. Only an adopted resolution by the Commission can establish, modify or rescind the commitment.
- Assigned Fund Balance – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. These amounts are approved and committed by the City commission subsequent to September 30, 2012. 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.

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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, 2012, the Government-wide statement of net assets reports \$150,007,876 in restricted net assets. Of this amount, \$139,925,130 is restricted as a result of enabling legislation.

*11. Use of estimates*

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

*12. Risk Management*

The City is exposed to various risks of loss from civil liability to other parties (automobile liability, general liability, police professional liability, public official liability); statutory workers' compensation benefits for injured employees; and the theft or accidental damage to City property (buildings and business contents).

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

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

The City provides separate defined benefit pension plans for general employees and for police and fire department personnel. The City no longer offers benefits under a defined contribution pension plan created in accordance with Internal Revenue Code Section 401(a) to new employees. However, current employees are still participating in the plan. The City also offers an optional deferred compensation plan 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. The City reported no pension assets or obligations at September 30, 2012.

*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

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is no greater than the cost at which coverage is available for active employees. The City has a single employer OPEB plan with benefits based on age and date of employment. The City has established an irrevocable trust fund to hold the assets of the OPEB plan. OPEB liabilities reported in the statement of activities are typically liquidated from the general fund.

**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, 2012 the City's Internal Service Self Insurance Fund has a cumulative deficit of approximately \$4 million. This is a net decrease of \$3.9 million from the prior year. In the fiscal year, the self insurance funds received \$21 million in operating revenues and \$.2 million in interest income. It also had \$17.8 million in operating expenses which includes a reduction of \$2 million in actuarially determined liabilities. It is the City's intention to continue to increase revenues and thus reduce the deficit in future years.

**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.

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As of September 30, 2012, the City had the following investments in its portfolio:

City's Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	6-7
U.S. government agency	\$ 191,093,383	\$ 15,032,471	\$ 145,996,029	\$ 30,064,883
U.S. treasuries	220,486,480	112,102,751	108,383,729	
Commercial paper	9,970,330	9,970,330		
Corporate bonds	50,276,285	18,371,327	31,904,958	
Israeli bonds	2,000,000		2,000,000	
Money Market Trust	10,973,550	10,973,550		
Repurchase agreement	101,727,669	101,727,669		
Total	\$ <u>586,527,697</u>	\$ <u>268,178,098</u>	\$ <u>288,284,716</u>	\$ <u>30,064,883</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.

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As of September 30, 2012 the City's investments were rated by Moody's Investors Service and Standard & Poor's as follow:

Investment Type	Issuer	Standard & Poor's	Moody's	Fair Value
US Government Agencies:				
	FHLB	AA+	Aaa	\$ 38,880,936
	FNMA	AA+	Aaa	63,082,617
	FHLMC	AA+	Aaa	77,692,675
	FFCB	AA+	Aaa	11,437,155
				<u>191,093,383</u>
US Government Treasuries:				
	U. S. Government	AA+	Aaa	220,486,480
				<u>220,486,480</u>
Commercial Paper:				
	ING Funding	A-1	P-1	9,970,330
				<u>9,970,330</u>
Corporate Bonds:				
	GE Capital	AA+	A1	10,141,230
	IBM Corporation	AA-	Aa3	7,312,431
	Procter & Gamble	AA-	Aa3	6,814,938
	Berkshire Hathaway	AA+	Aa2	5,202,020
	Microsoft Corporation	AAA	Aaa	5,214,605
	3M Company	AA-	Aa2	4,972,075
	Wal-Mart	AA-	Aa2	4,073,836
	Toyota Motor Credit	AA-	Aa3	6,545,150
				<u>50,276,285</u>
Israeli Bonds:				
	State of Israel	A+	A1	2,000,000
				<u>2,000,000</u>
Money Market Trust:				
	U. S. Government	AA+	Aaa	10,779,839
	Other	N/A	N/A	193,711
				<u>\$ 10,973,550</u>

The City's cash and investments held at September 30, 2012 (including restricted cash and cash with paying agent) are shown below:

	Carrying Amount	% of Portfolio
U.S. government agency	\$ 191,074,767	32.6 %
U.S. treasuries	220,432,291	37.6
Corporate bonds	50,154,613	8.6
Israeli Bond	2,000,000	0.3
Commercial paper	9,971,833	1.7
Money market trust	10,973,550	1.9
Repurchase agreements	101,604,074	17.3
Total City Investments	<u>586,211,128</u>	<u>100.0 %</u>
City funds managed by others:		
Money market		
Cash with fiscal agent	250,000	
Common stock	46,046	
Demand deposit	<u>66,974,160</u>	
Total cash and investments	<u>\$ 653,481,334</u>	

**CITY OF MIAMI BEACH, FLORIDA**  
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Schedule of cash and investments by funds:		
General	\$	62,245,717
Resort Tax		13,081,714
Redevelopment Agency		20,947,551
Capital Projects		180,573,227
Storm Water		64,564,877
Water & Sewer		97,253,017
Parking		58,723,567
Convention Center Complex		16,684,264
Internal Service		34,278,084
Agency		10,306,665
Nonmajor Funds		94,822,651
Total cash and investments	\$	<u>653,481,334</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 fluctuations is provided in the table below that shows the distribution of the Systems investment by maturity at September 30, 2012.

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**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	\$ 32,002,383	\$ 10,912,765	\$ 14,939,071	\$ 6,150,547
Corporate bonds and notes	148,372,189	14,831,311	56,074,758	77,466,120
Foreign Bonds	16,392,241		3,287,862	13,104,379
Private Placement	28,822,807	1,153,384	9,892,504	17,776,919
Total	<u>\$ 225,589,620</u>	<u>\$ 26,897,460</u>	<u>\$ 84,194,195</u>	<u>\$ 114,497,965</u>

**Employees' Retirement Plan:**

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 18,646,364	\$ 683,030	\$ 10,431,030	\$ 7,532,304
Corporate bonds and notes	29,478,743	676,094	9,950,521	18,852,128
Municipal Bonds	1,041,326		77,953	963,373
Bond Funds	70,830,814			70,830,814
Foreign Bonds	543,630	250,000		293,630
Total	<u>\$ 120,540,877</u>	<u>\$ 1,609,124</u>	<u>\$ 20,459,504</u>	<u>\$ 98,472,249</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	\$ 1,098,798	\$ 206,488	\$ 648,682	\$ 243,628
Corporate bonds and notes	4,117,570	355,985	1,985,483	1,776,102
Total	<u>\$ 5,216,368</u>	<u>\$ 562,473</u>	<u>\$ 2,634,165</u>	<u>\$ 2,019,730</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	\$ 448,529	\$ 204,039	\$ 244,490	\$
Corporate bonds	1,929,553	154,026	871,019	904,508
Short-term obligations	603,997	603,997		
Total	<u>\$ 2,982,079</u>	<u>\$ 962,062</u>	<u>\$ 1,115,509</u>	<u>\$ 904,508</u>

**CITY OF MIAMI BEACH, FLORIDA**  
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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, 2012.

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

	Fair Value	Percentage of Portfolio
U.S. Government Securities	\$ 32,002,383	14.19 %
Quality rating of credit risk debt securities		
AAA	8,649,678	3.83
AA+	6,849,817	3.04
AA	11,517,030	5.11
AA-	21,362,802	9.47
A+	34,729,457	15.39
A	50,983,800	22.60
A-	29,081,680	12.89
BBB+	16,806,929	7.45
BBB	9,807,567	4.35
BBB-	1,711,655	0.76
BB+	1,137,785	0.50
BB	97,302	0.04
BB-	215,121	0.10
B+	326,487	0.14
B	177,495	0.08
B-	132,632	0.06
Total credit risk debt securities	<u>193,587,237</u>	<u>85.81</u>
Total fixed income securities	\$ <u>225,589,620</u>	<u>100.00 %</u>

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

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

	Fair Value	Percentage of Portfolio	
U.S. Government Securities	\$ 1,098,798	21.07	%
Quality rating of credit risk debt securities			
Aaa	100,697	1.93	
Aa2	110,333	2.12	
Aa3	327,177	6.27	
BAA1	173,570	3.33	
BAA2	210,319	4.03	
A1	779,971	14.95	
A2	1,693,479	32.46	
A3	722,024	13.84	
Total credit risk debt securities	<u>4,117,570</u>	<u>78.93</u>	
Total fixed income securities	\$ <u>5,216,368</u>	<u>100.00</u>	%

**Miami Beach Employees' Retirement Plan:**

	Fair Value	Percentage of Portfolio	
U.S. Government Securities	\$ 18,646,364	15.47	%
Quality rating of credit risk debt securities			
AAA	4,920,735	4.08	
AA+	1,413,562	1.18	
AA	744,404	0.62	
AA-	71,642,901	59.43	
A+	1,690,808	1.40	
A	2,091,626	1.74	
A-	6,638,567	5.51	
BBB+	4,795,588	3.98	
BBB	6,091,034	5.05	
BBB-	1,801,373	1.49	
BB+	63,915	0.05	
Total credit risk debt securities	<u>101,894,513</u>	<u>84.53</u>	
Total fixed income securities	\$ <u>120,540,877</u>	<u>100.00</u>	%

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

	Fair Value	Percentage of Portfolio	
U.S. Government Securities	\$ 448,529	18.86	%
Quality rating of credit risk debt securities			
AA	117,812	4.95	
A+	279,318	11.75	
A	945,238	39.75	
A-	321,775	13.53	
BBB+	265,410	11.16	
Total credit risk debt securities	1,929,553	81.14	
Total fixed income securities	\$ 2,378,082	100.00	%

As of September 30, 2012 the System had the following cash and investments in its portfolio:

	Fair Value
Short term investments	\$ 603,997
U.S. government securities	52,196,074
Corporate bonds and notes	183,898,055
Municipal bonds	1,041,326
Bond funds	70,830,814
Foreign bonds	16,935,871
Common stock and index funds	313,895,589
Aggregated equity funds	341,436,186
Money market funds	20,171,667
Private Placements	28,822,807
Real Estate funds	20,718,896
Mutual funds	15,624,132
Cash	8,918,355
Total cash and investments	\$ 1,075,093,769

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 \$3,510,127 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, 2012 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	\$ 8,081,200	\$ 3,190,145	\$ 20,612	\$	\$ 866,198	\$ 2,684,521	\$ 14,842,676
Special Assessments		1,125,420		54,019			1,179,439
Taxes	3,132,026					158,593	3,290,619
Gross receivables	11,213,226	4,315,565	20,612	54,019	866,198	2,843,114	19,312,734
Less: allowance for uncollectible accounts	(3,217,726)				(30,159)	(1,793,220)	(5,041,105)
Net total receivables	\$ 7,995,500	\$ 4,315,565	\$ 20,612	\$ 54,019	\$ 836,039	\$ 1,049,894	\$ 14,271,629

Business-type Activities						
	Storm Water	Water and Sewer	Parking	Convention Center Complex	Nonmajor Funds	Total
Receivables:						
Accounts	\$ 1,623,176	\$ 7,249,157	\$ 4,806,874	\$ 1,232,016	\$ 1,929,817	\$ 16,841,040
Gross receivables	1,623,176	7,249,157	4,806,874	1,232,016	1,929,817	16,841,040
Less: allowance for uncollectible accounts	(591,440)	(998,263)	(32,441)	(436)	(956,061)	(2,578,641)
Net total receivables	\$ 1,031,736	\$ 6,250,894	\$ 4,774,433	\$ 1,231,580	\$ 973,756	\$ 14,262,399

**CITY OF MIAMI BEACH, FLORIDA**  
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**SEPTEMBER 30, 2012**  
**(Continued)**

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, 2012 were as follows:

**Primary Government**  
**Governmental activities:**

	Beginning Balance	Adjustments/ Increases	Adjustments/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 45,832,216	\$ 4,889,763	\$	\$ 50,721,979
Intangible assets	4,181,941			4,181,941
Construction work-in-progress	224,174,967	36,643,410	528,642	260,289,735
Total capital assets, not being depreciated	274,189,124	41,533,173	528,642	315,193,655
Capital assets, being depreciated:				
Building	109,310,346	386,476	7,225	109,689,597
Permanent improvements	212,777,704	679,878		213,457,582
Furniture & fixtures	2,795,421	35,674	232,212	2,598,883
Equipment	70,264,816	8,002,580	10,519,023	67,748,373
Infrastructure	160,071,533			160,071,533
Total capital assets, being depreciated	555,219,820	9,104,608	10,758,460	553,565,968
Less: accumulated depreciation for:				
Building	47,632,087	2,028,684	7,225	49,653,546
Permanent improvements	80,086,481	5,037,912		85,124,393
Furniture & fixtures	2,373,623	166,532	150,055	2,390,100
Equipment	55,667,184	5,851,754	10,512,474	51,006,464
Infrastructure	97,444,928	4,301,903		101,746,831
Total accumulated depreciation	283,204,303	17,386,785	10,669,754	289,921,334
Total capital assets, being depreciated, net	272,015,517	(8,282,177)	88,706	263,644,634
Governmental activities capital assets, net	\$ 546,204,641	\$ 33,250,996	\$ 617,348	\$ 578,838,289

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**  
**(Continued)**

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

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 24,274,408	\$	\$	\$ 24,274,408
Intangible assets	4,318,059			4,318,059
Construction work-in-progress	198,883,702	38,129,522	26,801,989	210,211,235
Total capital assets, not being depreciated	<u>227,476,169</u>	<u>38,129,522</u>	<u>26,801,989</u>	<u>238,803,702</u>
Capital assets, being depreciated:				
Main & lines	125,200,841	429,311	297,787	125,332,365
Building & structure	259,856,170	21,976,551		281,832,721
Meters & hydrants	15,240,407	115,941		15,356,348
Furniture, equipment & vehicles	74,081,403	1,001,098	1,534,514	73,547,987
Improvements other than building	17,665,557			17,665,557
Total capital assets, being depreciated	<u>492,044,378</u>	<u>23,522,901</u>	<u>1,832,301</u>	<u>513,734,978</u>
Less: accumulated depreciation for:				
Main & lines	28,277,295	2,292,033		30,569,328
Building & structure	97,690,682	3,816,984		101,507,666
Meters & hydrants	9,763,786	302,191		10,065,977
Furniture, equipment & vehicles	32,798,881	5,455,126	1,533,883	36,720,124
Improvements other than building	7,406,678	2,489,299		9,895,977
Total accumulated depreciation	<u>175,937,322</u>	<u>14,355,633</u>	<u>1,533,883</u>	<u>188,759,072</u>
Total capital assets, being depreciated, net	<u>316,107,056</u>	<u>9,167,268</u>	<u>298,418</u>	<u>324,975,906</u>
Business-type activities, combined capital assets, net	<u>\$ 543,583,225</u>	<u>\$ 47,296,790</u>	<u>\$ 27,100,407</u>	<u>\$ 563,779,608</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**  
**(Continued)**

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

**Governmental activities:**

General government	\$ 6,615,274
Public safety	1,457,976
Physical environment	266,581
Transportation	5,820,276
Economic environment	77,000
Human Services	641
Culture and recreation	<u>3,149,037</u>
Total depreciation expense - governmental activities	<u><u>\$ 17,386,785</u></u>

**Business-type activities**

Storm Water	\$ 642,839
Water & Sewer	3,867,279
Parking Systems	3,181,804
Convention Center Complex	5,556,645
Nonmajor enterprise	<u>1,107,066</u>
Total depreciation expense - business-type activities	<u><u>\$ 14,355,633</u></u>

Accumulated Depreciation – For governmental activities, the increase in accumulated depreciation includes \$5,197,946 of depreciation expenses for internal services.

**D. Construction and other commitments**

At September 30, 2012 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	\$ 28,839,393
Storm Water Utility	756,489
Water & Sewer	3,665,454
Sanitation	20,291
Parking Systems	786,040
Convention Center Complex	325,594
Non-major Enterprise	<u>51,100</u>
	<u><u>\$ 34,444,361</u></u>

The City funds had the following encumbrance commitments at September 30, 2012

General	\$ 515,257
Redevelopment Agency	17,500
Capital Project	28,852,330
Other Governmental	<u>7,090,655</u>
	<u><u>\$ 36,475,742</u></u>

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**  
**(Continued)**

**E. Interfund receivables, payables and transfers**

Interfund balances at September 30, 2012 consist of the following:

Due To	Due From								Total
	General	Redevelopment Agency	Capital Projects	Other Governmental	Water & Sewer	Parking Fund	Other Enterprise	Internal Service	
General	\$	\$ 44,336	\$	\$ 234	\$		6,716	\$ 1,311,660	\$ 1,362,946
Resort Tax		571,687		255,337				8,377	835,401
Redevelopment Agency	617,204			3,551	1,236		2,569,820	220,706	3,412,517
Capital Projects	802,988		340,957			4,889,763			6,033,708
Other Governmental	479,618							20,748	500,366
Stormwater								21,712	21,712
Water & Sewer								77,862	77,862
Parking							172,672	109,547	282,219
Convention Center								661	661
Other Enterprise	505,480	4,798				4,655		233,046	747,979
Internal Service	30,665	4,324						131,861	166,850
	<u>\$ 2,435,955</u>	<u>\$ 625,145</u>	<u>\$ 340,957</u>	<u>\$ 259,122</u>	<u>\$ 1,236</u>	<u>\$ 4,894,418</u>	<u>2,749,208</u>	<u>\$ 2,136,180</u>	<u>\$ 13,442,221</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, 2012 consisted of the following:

Transfer Out	Transfer In											Total
	General	Resort Tax	Redevelopment Agency	Capital Projects	Other Governmental	Storm Water	Water Sewer	Parking	Convention Center	Other Enterprise	Internal Service	
General	\$	\$ 26,965,440	\$	\$	\$	\$	\$	7,750,000	\$	\$	\$	\$ 34,715,440
Redevelopment Agency		4,925,168										4,925,168
Capital Projects			14,993,123	7,449,959								22,443,082
Other Governmental	7,251,398	6,172,699	10,120,350	4,039,304	1,691,043	5,837	146	71,254	310,458	7,113	171,097	29,840,699
Storm Water											388	388
Water											4,268	4,268
Parking				4,889,763				74,236			6,955	4,970,954
Other Enterprise			613,103			584,000		756,814			388	1,954,305
Internal Service	600,885										2,154,388	2,755,273
	<u>\$ 7,852,283</u>	<u>\$ 38,063,307</u>	<u>\$ 25,726,576</u>	<u>\$ 16,379,026</u>	<u>\$ 1,691,043</u>	<u>\$ 589,837</u>	<u>\$ 146</u>	<u>\$ 8,652,304</u>	<u>\$ 310,458</u>	<u>\$ 7,113</u>	<u>\$ 2,337,484</u>	<u>\$ 101,609,577</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**  
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Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due (2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, and (3) move unrestricted general revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. Major transfers for the year were:

The General Fund transferred \$4.9 million for debt service payments, \$1.8 million for capital renewal and replacement and \$.7 million to the Information and Technology Fund.

\$26.9 million was transferred from the Resort Tax Fund to the General Fund to support South Beach, Middle Beach and North Beach Services, various culture and recreation events, and tourism related citywide expenditures. The Resort Tax Fund also transferred \$4.9 million to the Redevelopment Agency Fund for debt service payments and \$3.7 million was transferred to Capital Projects Fund to fund various approved capital projects.

\$3.1 million was transferred from Capital Reserve Fund to the Pay-as-you-go fund to finance various capital projects. \$3.9 previously held in the capital projects fund were transferred to non-major special revenue funds due to the fact that these funds have transactions not capital in nature, the equity residual amount was reclassified to special revenue funds effective 9/30/2012.

\$14.9 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.

\$7.7 million was transferred from the Parking Systems fund to the general fund for operating activities.

There was an additional capital transfer of \$4.8 million related to Sunset Harbor Garage where the RDA capital project fund exchanged cash for the asset.

**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, 2012, are as follows:

September 30	Business-type Operating Leases	Governmental Operating Leases
2013	\$ 1,324,780	\$ 2,690,272
2014	1,213,204	2,704,135
2015	1,050,230	2,532,175
2016	1,023,406	2,342,353
2017	956,663	2,301,755
2018 and thereafter	24,274,984	22,714,833
	<u>\$ 29,843,267</u>	<u>\$ 35,285,523</u>

**CITY OF MIAMI BEACH, FLORIDA**  
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**SEPTEMBER 30, 2012**  
**(Continued)**

The following schedule provides an analysis of the City's investment in property under operating leases and property held for lease by major classes as of September 30, 2012:

Parking facilities	\$ 7,947,504
Recreational facilities	15,380,587
Retail space	50,526,113
Marina	5,654,752
	<u>79,508,956</u>
Less: Accumulated depreciation	<u>(40,197,141)</u>
Net book value of leased assets	<u>\$ 39,311,815</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 \$64,045,000. 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, 2012 consist of the following:

Issue Name	Interest Rate	Year Issued	Final Maturity	Original Issue	Outstanding 09/30/2012
1985B Gulf Breeze	4.55-5.40	2000	2013	\$ 15,910,000	\$
1985E Gulf Breeze	5.50-5.80	2000	2020	14,090,000	
General Obligation - Series 2003	2.00-5.25	2003	2033	62,465,000	29,495,000
General Obligation - Series 2011	3.00-5.00	2011	2023	<u>34,840,000</u>	<u>34,550,000</u>
Total General Obligation Bonds				<u>\$ 127,305,000</u>	<u>\$ 64,045,000</u>

**CITY OF MIAMI BEACH, FLORIDA**  
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**SEPTEMBER 30, 2012**  
**(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
2013	\$ 3,330,000	\$ 2,595,794	\$ 5,925,794
2014	3,435,000	2,488,819	5,923,819
2015	3,525,000	2,385,769	5,910,769
2016	3,635,000	2,280,019	5,915,019
2017	3,740,000	2,170,969	5,910,969
2018-2022	16,125,000	8,705,143	24,830,143
2023-2027	11,980,000	5,712,893	17,692,893
2028-2032	14,890,000	2,826,869	17,716,869
2033	3,385,000	152,325	3,537,325
	<u>64,045,000</u>	<u>29,318,600</u>	<u>93,363,600</u>
Plus: Unamortized Bond Premium	2,936,105		2,936,105
Less: Deferred Refunding Cost	1,603,824		1,603,824
	<u>\$ 65,377,281</u>	<u>\$ 29,318,600</u>	<u>\$ 94,695,881</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. Collectively, these two Series are called the City of Miami Beach General Obligation Bonds, Series 2000. On December 1, 2011, the \$15,910,000 Gulf Breeze VDRS Series 1985B and the \$14,090,000 Gulf Breeze VDRS Series 1985E were fully refinanced by the issuance of the \$34,840,000 General Obligation Refunding Bonds, Series 2011. See Advance and Current Refunding footnote for more details on this refunding.

On July 22, 2003, the City issued General Obligation Bonds, Series 2003, in the amount of \$62,465,000. These bonds were issued to provide funds to pay the cost of improving neighborhood infrastructure in the City, consisting of streetscape and traffic calming measures, shoreline stabilization and related maintenance facilities, and Fire Safety Projects and the Parks and Beaches projects. The Bonds will be repaid solely from ad-valorem taxes assessed, levied and collected. On December 1, 2011, the \$62,465,000 General Obligation Bonds, Series 2003 were partially refinanced by the issuance of the \$34,840,000 General Obligation Refunding Bonds, Series 2011. See advance and Current Refunding footnote for more details on this refunding.

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, 2014 through and including September 1, 2023, and (ii) paying the costs of issuance of the Bonds. The General Obligation Refunding Bonds, Series 2011 will be payable from ad valorem taxes assessed, levied and collected, without limitation as to rate or amount, on all taxable property within the corporate limits of the City. The Series 2011 Bonds were issued with interest rates of 3.00% to 5.00% payable semiannually on March 1 and September 1, and will mature serially through September 1, 2023.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**  
**(Continued)**

At September 30, 2012, the City had \$18,720,000 in defeased General Obligation debt.

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

At September 30, 2012 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	\$ 780,000
1985C	Series 2001 Gulf Breeze fixed rate	Non Ad-Valorem	14,301,954	5,008,392
1985E	Gulf Breeze fixed rate	Non Ad-Valorem	22,500,000	11,340,000
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	33,995,000
2005A	Tax Increment Revenue Refunding Bonds	RDA Tax increment Revenue	51,440,000	38,195,000
2005B	Tax Increment Revenue Refunding Bonds	RDA Tax increment Revenue	29,330,000	22,180,000
Total Special Obligation Bonds			<u>\$ 201,906,954</u>	<u>\$ 121,498,392</u>

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

On July 1, 1998, the Agency issued \$29,105,000 (Series 1998A) and \$9,135,000 (Series 1998B) in tax-increment bonds. These bonds are secured by a lien upon and pledge of the pledged funds, which include (a) the net trust fund revenue received by the Agency from the City Center/Historic Convention Village Redevelopment and Revitalization Area, (b) the portion of the proceeds for the City's municipal resort tax levied and collected by the City and received by the trustee, and (c) moneys and investments in the funds and accounts created under the resolution. The Series 1998A bonds were issued with interest rates of 6.70% to 7.00% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2020. The Series 1998B bonds were paid off on December 1, 2008. The bonds are subject to a trust indenture, which requires that annual debt service requirements be fully funded upon receipt of trust fund revenue and supplemental revenue, and that any shortage shall be funded based on the supplemental revenue resolution. The Series 1998A Tax-increment bonds were partially refunded/defeased by the issuance of the Series 2005A and 2005B tax increment revenue refunding bonds on September 22, 2005. The Series 1998A bonds had a remaining outstanding principle balance of \$10,000,000 at September 30, 2012.

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

**CITY OF MIAMI BEACH, FLORIDA**  
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resolution.

At September 30, 2012, the Agency did not have any defeased debt.

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 \$2,851,600 that relates to this debt.

On August 15, 2007, the City defeased the Resort Tax Refunding Bonds, Series 1996. As a result, the outstanding balance of \$3,060,000 was removed from the governmental activities column of the statement of net assets. At September 30, 2012, \$1,470,000 is still considered defeased.

At September 30, 2012 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
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	11,055,000	3,711,768	14,766,768
2018-2022	54,570,000	9,151,175	63,721,175
2023	8,255,000	212,678	8,467,678
	<u>121,498,392</u>	<u>33,861,650</u>	<u>155,360,042</u>
Plus: Net unamortized Bond Premium	675,264		675,264
	<u>\$ 122,173,656</u>	<u>\$ 33,861,650</u>	<u>\$ 156,035,306</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, 2012, debt service on the tax increment bonds was \$8,393,816; tax increment revenues totaled \$30,986,319 and net customer revenues were \$6,714,905. Remaining outstanding principal and interest is \$92,618,525.

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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**  
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**3. Revenue bonds – Business-Type Activities**

a. Parking Fund

On August 1, 2001, the City executed three loan agreements with the City of Gulf Breeze, Florida, Local Government Pool to borrow \$47,145,000 on fixed rate notes. A portion of the \$22,445,000, Gulf Breeze Series 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 \$2,851,600 related to this debt.

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

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

Parking Revenue Fund indebtedness at September 30, 2012, is comprised of the following issued indebtedness:

\$ 8,143,046	Series 2001 (1985C) Gulf Breeze Loan Pool due in annual installments through 2015: interest at 3.875% - 4.75% <u>\$ 2,851,600</u>
\$ 17,155,000	Series 2010A Parking Revenue Refunding Bonds due in annual installments through 2022: interest at 3.00% - 5.00% <u>\$ 14,465,000</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>

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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**  
**(Continued)**

At September 30, 2012, none of the bonds outstanding are considered defeased.

The aggregate maturities of Long-Term Debt at September 30, 2012, are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
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	1,525,000	1,719,863	3,244,863
2018-2022	8,575,000	7,528,963	16,103,963
2023-2027	5,245,000	5,917,981	11,162,981
2028-2032	6,565,000	4,592,906	11,157,906
2033-2037	8,345,000	2,812,500	11,157,500
2038-2040	6,080,000	617,750	6,697,750
	44,721,600	30,902,635	75,624,235
Plus: net unamortized Bond premium	168,266		168,266
Less: Deferred Refunding cost	849,921		849,921
	\$ 44,039,945	\$ 30,902,635	\$ 74,942,580

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 \$ 75,624,235. Principal and interest paid for the current year and total customer net revenues were \$4,030,600 and \$11,703,555 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

**CITY OF MIAMI BEACH, FLORIDA**  
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Series 2006E. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The Refunding bonds were issued to refund the Water and Sewer Revenue Bonds, Series 1995, and the other two bonds were issued to construct various improvements and extensions to the Water and Sewer utility.

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

Indebtedness of the Water and Sewer Fund at September 30, 2012 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>\$ 5,190,000</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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At September 30, 2012, none of the bonds outstanding are considered defeased.

The aggregate maturities of Long-term debt as of September 30, 2012 are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
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	5,111,733	8,881,733
2017	6,415,000	4,889,445	11,304,445
2018-2022	31,860,000	20,160,555	52,020,555
2023-2027	23,050,000	14,721,056	37,771,056
2028-2032	17,330,000	8,916,750	26,246,750
2033-2037	15,785,000	4,924,125	20,709,125
2038-2040	11,495,000	880,875	12,375,875
	122,110,000	76,013,588	198,123,588
Less:			
Unamortized Discount	170,127		170,127
Deferred refunding cost	433,101		433,101
	<u>\$ 121,506,772</u>	<u>\$ 76,013,588</u>	<u>\$ 197,520,360</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 \$198,123,588. Principal and interest paid for the current year and total customer net revenues were \$9,901,135 and \$18,423,616 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 December 7, 2011, the remaining balance of the Series 2000 was completely refinanced by the issuance of the Storm Water Revenue Refunding Bonds, Series 2011B. See Advance and Current Refunding footnote for more details on this refunding

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

On December 7, 2011, the City issued \$52,130,000 in Storm Water Revenue Bonds, Series 2011A and \$26,575,000 in Storm Water Revenue Refunding Bonds, Series 2011B. The Series 2011A Bonds are being issued by the City for the purpose of providing funds to (i) pay the costs of certain capital

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

Indebtedness of the Storm Water Fund at September 30, 2012 is as follows:

\$52,170,000	2000 Storm Water Revenue Bonds Due in annual installments through 2030: Interest at 4.75%-5.375% (Refunded 12/7/2011)	<u>\$ - 0 -</u>
\$16,185,000	2009J-2 Storm Water Revenue Refunding Bonds Due in annual installments through 2020: Interest at 2.00% - 4.50%	<u>\$14,785,000</u>
\$52,130,000	2011A Storm Water Revenue Bonds Due in annual installments through 2041: Interest at 4.00% - 4.25%	<u>\$52,130,000</u>
\$26,575,000	2011B Storm Water Revenue Refunding Bonds Due in annual installments through 2030: Interest at 2.00% - 5.25%	<u>\$26,475,000</u>

The aggregate maturities of Long-term debt at September 30, 2012 are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2013	\$ 1,545,000	\$ 4,302,595	\$ 5,847,595
2014	1,590,000	4,258,872	5,848,872
2015	2,620,000	4,208,297	6,828,297
2016	2,720,000	4,109,261	6,829,261
2017	2,815,000	4,000,507	6,815,507
2018-2022	16,210,000	18,027,287	34,237,287
2023-2027	21,230,000	13,654,059	34,884,059
2028-2032	19,590,000	8,341,157	27,931,157
2033-2037	12,615,000	4,853,480	17,468,480
2038-2041	12,455,000	1,524,038	13,979,038
	<u>93,390,000</u>	<u>67,279,553</u>	<u>160,669,553</u>
Plus Unamortized Premium	2,537,403		2,537,403
Less Deferred refunding cost	<u>1,281,035</u>		<u>1,281,035</u>
	<u>\$ 94,646,368</u>	<u>\$ 67,279,553</u>	<u>\$ 161,925,921</u>

Series 2009J-2, the Series 2011A and the Series 2011B bonds are payable from and secured by a lien on and pledge of net revenues of the stormwater utility and from all moneys held in the funds and accounts established under the Bond Resolution. The total principal and interest remaining to be paid on the bonds is \$160,669,553. Principal and interest paid for the current year and total customer net revenues were \$4,837,013 and \$7,334,863 respectively.

**CITY OF MIAMI BEACH, FLORIDA**  
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**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, 2012, the City was indebted for \$13,840,272.

The aggregate maturities of loans at September 30, 2012 are as follows:

Fiscal Year Ending September 30	Loans		
	Principal	Interest	Total
2013	\$ 3,662,411	\$ 334,062	\$ 3,996,473
2014	3,119,703	233,849	3,353,552
2015	2,797,929	151,473	2,949,402
2016	1,827,730	84,655	1,912,385
2017	1,098,944	48,644	1,147,588
2018-2022	1,333,555	59,314	1,392,869
	<u>\$ 13,840,272</u>	<u>\$ 911,997</u>	<u>\$ 14,752,269</u>

The above debt has been recorded in the following funds:

Internal Service	\$ 11,814,844
Stormwater	194,127
Water & Sewer	621,805
Parking	554,480
Other Enterprise	655,016
	<u>\$ 13,840,272</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, 2012, the outstanding balance on the amount drawn was \$630,000. 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, 2012, the outstanding balance on this loan was \$14,150,267. 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, \$345,926 was added to the principal balance as of September 30, 2012, the remaining \$759,774 will be added to the principal balance in fiscal year 2011. Principal and interest payment will be made monthly commencing May 25, 2012 and mature on April 25, 2025.

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The aggregate maturities of other long-term obligations at September 30, 2012 are as follows:

Fiscal Year Ending September 30	Long-term Obligation	Interest	Total
2013	\$ 809,266	\$ 584,176	\$ 1,393,442
2014	879,412	556,510	1,435,922
2015	954,201	525,825	1,480,026
2016	823,894	491,921	1,315,815
2017	908,761	455,877	1,364,638
2018-2022	6,062,904	1,601,281	7,664,185
2023-2025	4,341,829	249,892	4,591,721
	<u>\$ 14,780,267</u>	<u>\$ 4,465,482</u>	<u>\$ 19,245,749</u>

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, 2012, no amounts have been drawn down from this line of credit. This line of credit matured on July 28, 2012 and was not renewed or extended.

On September 27, 2012, the City of Miami Beach issued Resolution No. 2012-28028 which authorized the issuance of a new line of credit not to exceed an aggregate principal amount of \$50 million to pay the costs of capital projects. The line of credit was obtained from one financial institution. Tax-exempt draws against the line of credit will have a variable interest rate of 74% of Libor rate plus 0.85%, and the taxable draws will have a variable rate equal to Libor rate plus 0.85%. There will be an annual fee of 0.20% on the unused portion of the line of credit payable on a quarterly basis. The City shall pay the financial institution the entire unpaid principal balance together with all accrued and unpaid interest on April 30, 2014 (the "Maturity Date"). As of September 30, 2012, no amounts have been drawn down from this line of credit.

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**(Continued)**

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

Long-term liability activity for the year ended September 30, 2012 is as follows:

**Governmental activities:**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Bonds payable:</b>					
General obligation	\$ 68,280,000	\$ 34,840,000	\$ 39,075,000	\$ 64,045,000	\$ 3,330,000
Special obligation	131,868,934		10,370,542	121,498,392	11,072,890
Plus: Net unamortized bond Premium	1,061,323	3,117,141	559,252	3,619,212	555,872
Less: Net unamortized bond Discount	9,137		1,294	7,843	1,294
Less: unamortized deferred ref. cost		1,726,253	122,429	1,603,824	146,915
				-	
<b>Total bonds payable</b>	<b>201,201,120</b>	<b>36,230,888</b>	<b>49,881,071</b>	<b>187,550,937</b>	<b>14,810,553</b>
Claims and judgments	28,071,415	22,293,325	24,453,677	25,911,063	8,259,000
Compensated absences	20,170,899	5,160,662	6,420,658	18,910,903	6,420,659
Other obligations	14,879,432	345,926	445,091	14,780,267	809,266
OPEB obligation	22,874,973	7,960,000		30,834,973	
Loans payable	9,438,480	5,017,410	2,641,046	11,814,844	3,189,215
<b>Governmental activity</b>					
Long-term liabilities	<u>\$ 296,636,319</u>	<u>\$ 77,008,211</u>	<u>\$ 83,841,543</u>	<u>\$ 289,802,987</u>	<u>\$ 33,488,693</u>
<b>Business-type activities:</b>					
Revenue bonds payable	\$ 216,131,058	\$ 78,705,000	\$ 34,614,458	\$ 260,221,600	\$ 7,802,110
Plus: Unamortized bond Premium	815,341	2,649,435	239,467	3,225,309	272,558
Less: Unamortized bond Discount	934,470		244,703	689,767	36,516
Less: Unamortized deferred costs	1,789,113	1,039,092	264,148	2,564,057	283,753
<b>Total bonds payable</b>	<b>214,222,816</b>	<b>80,315,343</b>	<b>34,345,074</b>	<b>260,193,085</b>	<b>7,754,399</b>
Loans payable	1,669,847	743,713	388,132	2,025,428	473,196
Environmental remediation liability	1,000,000			1,000,000	
Compensated absences	1,981,994	1,159,571	1,033,141	2,108,424	1,033,141
Deposits	9,719,429	3,723,129	4,156,066	9,286,492	5,252,957
<b>Business-type activity</b>					
Long-term liabilities	<u>\$ 228,594,086</u>	<u>\$ 85,941,756</u>	<u>\$ 39,922,413</u>	<u>\$ 274,613,429</u>	<u>\$ 14,513,693</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, 2012, \$460,131 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.

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**7. Subsequent Events**

There are no subsequent events to report for the Fiscal Year Ended September 30, 2012.

**8. Current and Advance Refunding**

On December 1, 2011, the City issued \$34,840,000 in General Obligation Refunding Bonds, Series 2011, 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 Series 1985B and 1985E Bonds and to advance refund a portion of the Series 2003 bonds. The amount refunded is as follows:

Bonds Refunded	Amount Refunded
\$15,910,000 Gulf Breeze VDRS Series 1985B	\$ 3,160,000
\$14,090,000 Gulf Breeze VDRS Series 1985E	14,090,000
\$62,465,000 General Obligation Bonds, Series 2003	18,720,000
	<u>\$ 35,970,000</u>

The proceeds of \$34,840,000 from the General Obligation Refunding Bonds, Series 2011, were deposited in an irrevocable trust with an escrow agent to currently and advance refund the above mentioned bonds. The net present value economic gain from these current and advance refundings was approximately \$3,300,000 on these bonds.

The following is the aggregate difference between the refunding debt and the refunded debt. It shows actual net cash savings of \$3,768,580.

	Series 2011 (Refunding Debt)			Refunded Debt		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 290,000	\$ 984,675	\$ 1,274,675	\$ -	\$ 1,315,458	\$ 1,315,458
2013	1,915,000	1,304,200	3,219,200	1,540,000	1,758,244	3,298,244
2014	3,435,000	1,246,750	4,681,750	3,090,000	1,673,694	4,763,694
2015	3,525,000	1,143,700	4,668,700	3,220,000	1,531,754	4,751,754
2016	3,635,000	1,037,950	4,672,950	3,375,000	1,378,193	4,753,193
2017	3,740,000	928,900	4,668,900	3,555,000	1,196,084	4,751,084
2018	3,845,000	816,700	4,661,700	3,745,000	999,138	4,744,138
2019	3,995,000	662,900	4,657,900	3,950,000	790,890	4,740,890
2020	4,145,000	503,100	4,648,100	4,155,000	574,642	4,729,642
2021	1,990,000	295,850	2,285,850	4,365,000	365,090	4,730,090
2022	2,150,000	216,250	2,366,250	2,770,000	211,437	2,981,437
2023	2,175,000	108,750	2,283,750	2,205,000	93,681	2,298,681
	<u>\$ 34,840,000</u>	<u>\$ 9,249,725</u>	<u>\$ 44,089,725</u>	<u>\$ 35,970,000</u>	<u>\$ 11,888,305</u>	<u>\$ 47,858,305</u>

On December 7, 2011, the City issued \$26,575,000 in Stormwater Refunding Bonds, Series 2011B, with interest rates ranging from 2.00% to 5.25%, depending on the maturity.

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The proceeds of these refunding bonds were used to currently refund the following bonds:

Bonds Refunded	Amount Refunded
<u>\$52,170,000 Storm Water Revenue Bonds, Series 2000</u>	<u>\$ 27,105,000</u>
	<u>\$ 27,105,000</u>

The proceeds of \$26,575,000 from the Stormwater Refunding Bonds, Series 2011B, 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 \$3 million on these bonds.

The following is the aggregate difference between the refunding debt and the refunded debt. It shows actual net cash savings of \$4,087,780.

	Series 2011B (Refunding Debt)			Series 2000 (Refunded Debt)		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 100,000	\$ 911,643	\$ 1,011,643	\$	\$ 1,442,131	\$ 1,442,131
2013	115,000	1,241,150	1,356,150		1,442,131	1,442,131
2014	120,000	1,237,700	1,357,700		1,442,131	1,442,131
2015	125,000	1,234,100	1,359,100		1,442,131	1,442,131
2016	130,000	1,229,100	1,359,100		1,442,131	1,442,131
2017	130,000	1,223,900	1,353,900		1,442,131	1,442,131
2018	140,000	1,218,700	1,358,700		1,442,131	1,442,131
2019	145,000	1,211,700	1,356,700		1,442,131	1,442,131
2020	150,000	1,207,350	1,357,350		1,442,131	1,442,131
2021	155,000	1,199,850	1,354,850	2,125,000	1,442,131	3,567,131
2022	2,295,000	1,192,100	3,487,100	2,240,000	1,330,569	3,570,569
2023	2,410,000	1,071,613	3,481,613	2,355,000	1,212,969	3,567,969
2024	2,540,000	945,088	3,485,088	2,480,000	1,089,331	3,569,331
2025	2,670,000	811,738	3,481,738	2,610,000	959,132	3,569,132
2026	2,810,000	671,563	3,481,563	2,745,000	822,107	3,567,107
2027	2,935,000	548,625	3,483,625	2,895,000	674,563	3,569,563
2028	3,065,000	420,219	3,485,219	3,050,000	518,956	3,568,956
2029	3,200,000	286,125	3,486,125	3,215,000	355,019	3,570,019
2030	3,340,000	146,125	3,486,125	3,390,000	182,213	3,572,213
	<u>\$ 26,575,000</u>	<u>\$ 18,008,389</u>	<u>\$ 44,583,389</u>	<u>\$ 27,105,000</u>	<u>\$ 21,566,169</u>	<u>\$ 48,671,169</u>

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**H. Governmental Fund – Fund balance**

Below is a table of fund balance categories and classifications at September 30, 2012 for the City's governmental funds:

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental
Fund balances:					
<b>Non-spendable:</b>					
Prepays	\$ 10,558	\$	\$ 4,490	\$	
<b>Restricted:</b>					
General government					1,181,555
Building operations reserves	5,188,291				3,330,075
Human services					52,021
Physical environment					19,145
Economic environment			16,120,889		2,214,617
Transportation					30,117,170
Culture and recreation		15,477,180			7,410,344
Capital projects				145,040,871	
Debt service					10,082,746
<b>Committed:</b>					
Future budget shortfalls	3,400,000				
Public safety					
Culture and recreation					5,618,599
Encumbrances	515,257				
Capital projects				26,922,060	
Capital reserves					7,182,534
<b>Assigned:</b>					
Future budget shortfalls	20,520,204				
Emergencies	26,985,928				
Public safety					42,116
<b>Unassigned:</b>					
General government	3,940,895				
Reimbursable grants funds				(2,674,042)	(638,939)
Reimbursable boardup/ Relocation charges					(23,485)
Non-reimbursable grant funds					(213,739)
Non-reimbursable capital expenditures				(1,046,285)	
Unrealized gains	291,271				
<b>Total Fund Balance</b>	<b>\$ 60,852,404</b>	<b>\$ 15,477,180</b>	<b>\$ 16,125,379</b>	<b>\$ 168,242,604</b>	<b>\$ 66,374,759</b>

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The City is pending reimbursement from various grantors for the reimbursable grant funds balance of \$3,312,981. The City is pending reimbursement for the \$23,485 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 \$213,739 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 2012 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.

The following are the changes in the funds' claims liability amount during fiscal years 2011 and 2012 respectively:

	2011	2012
Unpaid claims, beginning of year	\$ 23,198,123	\$ 26,672,796
Incurred claims (includes incurred but not yet reported)	8,922,631	3,645,906
Less: claim payments	5,447,958	5,606,639
Unpaid claims, end of year	<u>\$ 26,672,796</u>	<u>\$ 24,712,063</u>

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

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The following are the changes in the funds' claims liability amount during fiscal years 2011 and 2012 respectively:

	2011	2012
Unpaid claims, beginning of year	\$ 1,696,173	\$ 1,398,619
Incurring claims (includes incurred but not yet reported)	17,721,988	18,647,419
Less: claim payments	18,019,542	18,847,038
Unpaid claims, end of year	<u>\$ 1,398,619</u>	<u>\$ 1,199,000</u>

**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, 2012, the City has recorded a pollution remediation liability of \$1 million in Sanitation fund and in the business-type activities. In February 2003, AECOM submitted to Miami-Dade County Department of Environmental Resources Management (DERM), now the Department of Regulatory and Economic Resources (RER), the Natural Background Ammonia Sampling and Analysis Report for the Bayshore MRF located at the Miami Beach Golf Course. Sampling at the facility, also known as the Trash Transfer Station or Green Waste Facility, revealed elevated ammonia concentrations above the regulatory standards. The City is considered the responsible party or potentially responsible party (PRP) for remediation of the elevated ammonia around the MRF. Therefore, in March 2003, RER required that the City submit a Contamination Assessment Plan (CAP) to delineate a possible ammonia plume that may have resulted from activities at the MRF. AECOM submitted the CAP in November 2004, for which RER required a Contamination Assessment Plan Addendum (CAPA). However, due to construction and excavation work for the new golf course maintenance facility adjacent to the MRF, the CAPA was not submitted at that time. In February 2009, AECOM completed the CAPA and submitted it to RER. In April 2009, RER approved the CAPA and required an Ammonia Site Assessment Report (SAR). The City is in the process of determining the most cost effective plan to fulfill the remediation associated with the SAR. On September 19, 2011, E Sciences, Incorporated (E Sciences) submitted a Report for Evaluation of Surficial Clean Fill that evaluated the upper two feet of surficial soil on the bermed area to determine if there is two feet of clean fill covering the berm. Based on the results of this evaluation, the two feet of surficial soil do not meet the criteria for clean fill. In August 2012, soil borings were conducted both inside and outside the bermed area to confirm the extent of solid waste. No evidence of solid waste was identified, thus E Sciences proposed the installation of an Engineering Control (EC) to RER as the closure alternative for this site. On November 6, 2012, RER approved the field activities and the installation of the proposed EC. The City is pending the final plans for the remediation work to begin its implementation.

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**(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, 2011 membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>1,143</u>
Current Employees	<u>1,072</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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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% of their covered salary to the plan. All Second and Third Tier employees are required to contribute 10% of their covered salary. 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 calculation shall be frozen. A series of investment vehicles which are established by the board of

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trustees are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in their DROP account are not made up by the City of the Trust, but shall be borne by the participant. Upon termination of employment, a member may receive distributions in accordance with the plan. A Drop participant shall not be entitled to receive an ordinary or service disability retirement and in the event of death of DROP participant, there shall be no accidental death benefit for pension purposes. DROP participation does not affect any other death or disability benefit provided to a member under federal law, state law, City ordinance, or any rights or benefits under any applicable collective bargaining agreement. At September 30, 2012 and 2011, there were 59 DROP participants at the end of each year.

iv. Cost of Living Adjustment

First and Second Tier members receive an annual cost-of-living adjustment (COLA) of 2.5%. The COLA is not payable while members are in the DROP. For Third Tier members the COLA is 1.5%.

v. 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 8.15%, 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 4.5%-7.0% based on merit and seniority, and (e) cost of living increases of 2.5% per year, 1.5% for members hired after September 30, 2010.

For the fiscal year ended September 30, 2012, the City was required to make contributions of \$16,312,068 or 25.10% 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, 2012, the employees contributed \$6,447,043 and buybacks were \$978,008.

The Plan uses the following actuarial valuations at 10/01/11:

Actuarial Cost Method  
Actuarial Asset Valuation  
Method

Individual Entry-Age Actuarial Cost 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

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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	8.15%
Projected salary increases	Salary increases range from 4.5%-7.0% based on merit and seniority.
Inflation	4%
COLA	2.5%, members hired after September 30, 2010 are at 1.5%.

vi. 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
2010	17,137,394	17,137,394	100%
2011	14,474,678	14,474,678	100%
2012	16,243,133	16,312,068	100%

vii. 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, 2012, 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
10/1/2011	\$ 425,781	\$ 602,577	\$ 176,796	70.7%	\$ 66,347	266.5%

**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

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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, 2012, as reported by recognized securities exchanges. Short term obligations are stated at cost which approximates market value. Gains and losses on the sale of investments are based on the first-in, first-out identification method. Dividends and interest are recognized when earned.

ii. Plan Description

The City's Pension Fund for Firefighters and Police (the "Plan") was formally known as City Pension Fund for Fireman and Policeman – City of Miami Beach and City Supplemental Pension Fund for Firefighters and Police Officers – City of Miami Beach. The former plans were merged and the name was changed to City Pension Fund for Firefighters and Police Officers in the City of Miami Beach. The Plan is defined benefit pension plans covering substantially all police officers and firefighters of the City, as established by Chapter 23414, Laws of Florida, Special Acts of 1945 as amended through November 17, 2010.

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 Tier One 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. Members who enter the DROP on or after September 1, 2012 shall be eligible to participate for a period not to exceed 60 months. Members who enter the DROP on or after September 1, 2012 shall receive a 0% COLA adjustment for the 3<sup>rd</sup> and 4<sup>th</sup> annual adjustment dates, regardless of whether the member remains in the DROP for the maximum 60 month period. Further, any member who exits the DROP within 6 months following the date of DROP entry shall be eligible to the 2.5 COLA adjustment.

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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, 2012, \$9,408,588 the total amount of the Deferred Retirement Option Plan payable represents the balance of the self-directed participants as all of the participants are now in the self-directed DROP.

At October 1, 2011 the plan membership consisted of the following:

	As of October 1, 2011
Active Members	457
Deferred Vested Members	15
Retired Members:	
a. Service	498*
b. Disabled	56
c. Beneficiaries	90
	<u>644</u>
Total	<u>1,116</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, 2012, was \$36,297,459 and covered payroll was approximately \$53,270,000. The contribution required from the City and the State of Florida for the fiscal year ended September 30, 2012, was actuarially determined by the October 1, 2010 valuation to be \$36,296,459. The actuarially computed annual covered payroll used in the October 1, 2010 valuation was \$49,718,966. The annual pension cost was \$36,297,459 for the fiscal year ended September 30, 2012.

Significant actuarial assumptions used include: (a) investment return of 8.1%; (b) projected salary increases of 2.87%-9.87% including 3.5% for inflation.

The Plan uses the following actuarial valuations at 10/01/11:

Actuarial Cost Method	Entry age Normal
Amortization Method	Level percentage, closed
Remaining amortization period	20 – 30 years
Asset Valuation Method	Market Related Value
Actuarial Assumptions:	
Investment rate of return*	8.10%
Projected salary increases	2.87% - 9.87%
Includes projected payroll	3.50%

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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
2010	23,403,818	23,403,818	100%
2011	32,811,570	32,811,570	100%
2012	36,296,459	36,297,459	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, 2012, 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
10/1/2011	\$ 531,821,181	\$ 871,118,629	\$ 339,297,448	61.1%	\$ 49,186,724	689.8%

**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, 2012 was \$1,658,361 for firefighters and \$599,707 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, 2012**  
**(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, 2012 is a follows:

Members in the Plan		40
City's contribution	\$ 206,584	
Percentage of covered payroll		9.79%
Employees' contribution	171,366	
Percentage of covered payroll		8.12%

**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

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**  
**(Continued)**

maximum of \$250 per month until age 65 and \$5 per year of credible service up to a maximum of \$125, thereafter.

2. Life Insurance (\$1,000)

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

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

OPEB plan participants	2,055
Retirees receiving benefits	810

ii. Funding policy

The City has the authority to establish and amend funding policy. For the year ended September 30, 2012, the City paid \$8.0 million in OPEB benefits on a pay-as-go basis and \$3.0 million to the Trust. The City's net OPEB obligation at September 30, 2012 was \$30.8 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. (in thousands)

Annual required contribution	\$ 18,556
Interest on net OPEB obligation	1,830
Adjustment to annual required contribution	<u>(1,322)</u>
Annual OPEB cost (expense)	19,064
Contributions made	<u>11,104</u>
Net OPEB obligation	7,960
Net OPEB obligation - beginning of year	<u>22,875</u>
Net OPEB obligation - end of year	<u>\$ 30,835</u>

iv. Trend Information

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

<u>September 30,</u>	<u>Cost</u>	<u>Contributed</u>	<u>Obligation</u>
2010	16,451,000	50%	15,086,123
2011	18,457,000	58%	22,875,000
2012	19,064,000	56%	30,835,000

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2012**  
**(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
10/1/2011	\$ 14,136,000	\$ 208,959,000	\$ 194,823,000	6.8%	\$ 107,418,169	55.1%

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, 2012**  
**(Continued)**

OPEB Trust Fund financial statements for the fiscal year ended September 30, 2012 are as follows:

Statement of Fiduciary Net Assets September 30,2012		Statement of Change in Fiduciary Net Assets September 30,2012	
		Additions	
Cash	\$ 16,018,946	Employer contribution	\$ 3,074,000
Receivable	3,074,000	Change in fair value	1,680,041
Total Assets	<u>19,092,946</u>	Interest and dividends income	<u>203,227</u>
		Total Additions	4,957,268
		Deductions:	
		Administrative Expense	<u>78,303</u>
Liabilities	<u>78,303</u>	Total Deductions	<u>78,303</u>
Total liabilities	<u>78,303</u>		
		Net increase	4,878,965
		Assets held in Trust	
		Beginning of year	<u>14,135,678</u>
Net Assets	\$ <u><u>19,014,643</u></u>	End of Year	\$ <u><u>19,014,643</u></u>

**f. Financial Statements**

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

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

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

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

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

# **REQUIRED SUPPLEMENTARY INFORMATION (RSI)**

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

**Miami Beach Employees' Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/c
10/1/09	420,520	545,537	125,017	77.1	70,098	178.3 %
10/1/10	431,479	580,246	148,767	74.4	68,844	216.1
10/1/11	425,781	602,577	176,796	70.7	66,347	266.5

**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
10/1/09	517,603	784,396	266,793	66.0	51,636	516.7 %
10/1/10	525,709	817,641	291,932	64.3	49,719	587.2
10/1/11	531,821	871,119	339,297	61.1	49,187	689.8

**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	10,684	180,926	170,242	5.9	114,783	148.3 %
10/1/10	10,684	201,914	191,230	5.3	108,515	176.2
10/1/11	14,136	208,959	194,824	6.8	107,418	181.4

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

**CITY OF MIAMI BEACH, FLORIDA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended September 30, 2012**  
**(Unaudited)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property	\$ 110,502,568	\$ 110,747,615	\$ 110,536,848	\$ (210,767)
Sales, use and fuel taxes	1,512,000	1,512,000	1,401,313	(110,687)
Utility	10,221,400	10,221,400	10,293,270	71,870
Local business	4,237,500	4,237,500	4,404,357	166,857
Communication Service	5,986,985	5,986,985	5,443,905	(543,080)
Franchise fees	8,070,000	8,070,000	9,261,120	1,191,120
Permits	11,396,953	16,469,900	15,825,051	(644,849)
Intergovernmental	9,188,207	9,058,207	9,799,143	740,936
Charges for services	12,014,764	11,387,393	11,896,322	508,929
Rents and leases	5,736,533	5,873,941	6,120,590	246,649
Interest income	3,430,000	2,743,000	3,775,500	1,032,500
Fines and forfeits	2,536,000	3,018,000	3,101,050	83,050
Administrative fees	15,831,733	15,831,231	15,018,027	(813,204)
Other	3,848,828	3,848,828	3,552,603	(296,225)
Total revenues	204,513,471	209,006,000	210,429,099	1,423,099
<b>Expenditures</b>				
General government:				
Mayor and Commission	1,578,220	1,578,220	1,541,566	36,654
City Manager	2,309,291	2,209,291	2,192,205	17,086
City Clerk	1,541,031	1,341,031	1,287,244	53,787
Budget and Performance Management	1,894,154	1,794,154	1,786,616	7,538
Finance	4,238,886	4,129,081	4,119,940	9,141
Human Resources	1,766,119	1,636,119	1,632,879	3,240
Procurement	960,726	870,726	858,739	11,987
City Attorney	4,108,965	4,108,875	4,061,797	47,078
Planning	3,160,473	3,121,464	3,101,901	19,563
Media Relations	909,730	869,730	853,972	15,758
Public Works	2,815,976	2,581,390	2,580,462	928
Capital Improvement	4,688,782	4,028,569	4,021,027	7,542
Unclassified	5,899,067	8,329,900	8,014,400	315,500
Total general government	35,871,420	36,598,550	36,052,748	545,802
Public safety:				
Building Services	9,945,140	10,338,933	10,295,252	43,681
Code Compliance	4,341,676	4,151,676	4,146,822	4,854
Fire	57,114,271	56,243,555	56,088,040	155,515
Police	89,296,961	86,911,260	86,937,754	(26,494)
Emergency 911	621,907	531,907	531,276	631
Total public safety	161,319,955	158,177,331	157,999,144	178,187
Physical Environment	2,516,910	2,105,838	2,105,830	8
Transportation	3,819,998	3,703,726	3,652,800	50,926
Economic Environment	799,090	789,090	784,504	4,586
Human Services	1,445,040	1,364,760	1,306,909	57,851
Culture and recreation	29,431,234	28,771,297	28,771,043	254
Capital Outlay	438,860	395,600	180,445	215,155
Debt service:				
Principal retirement	678,201	750,201	750,000	201
Interest and fiscal charges	641,121	641,121	641,121	
Total expenditures	236,961,829	233,297,514	232,244,544	1,052,970
Excess (deficiency) of revenues over (under) expenditures	(32,448,358)	(24,291,514)	(21,815,445)	2,476,069
<b>Other financing sources (uses)</b>				
Transfers in	34,715,440	34,715,440	34,715,440	
Transfers out	(7,374,911)	(7,852,283)	(7,852,283)	
Sale of capital assets	10,000	10,000	29,125	19,125
Total other financing sources	27,350,529	26,873,157	26,892,282	19,125
Net change in fund balances	(5,097,829)	2,581,643	5,076,837	2,495,194
Fund balances - beginning of year	55,775,567	55,775,567	55,775,567	
Fund balances - end of year	\$ 50,677,738	\$ 58,357,210	\$ 60,852,404	\$ 2,495,194

**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, 2012**  
**(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)
<b>Revenues</b>								
Resort taxes	\$ 46,966,315	\$ 48,835,705	\$ 53,920,167	\$ 5,084,462	\$	\$	\$	\$
Tax increment					31,526,783	30,986,319	30,986,319	
Rents and leases							34,375	34,375
Interest income	118,104	118,104	83,162	(34,942)	179,000	8,278	22,819	14,541
Special assessment	520,908	520,908	662,091	141,183				
Other			8,557	8,557			6,453	6,453
Total revenues	47,605,327	49,474,717	54,673,977	5,199,260	31,705,783	30,994,597	31,049,966	55,369
<b>Expenditures</b>								
General government	1,214,210	1,214,210	1,160,882	53,328	9,299,151	6,884,804	6,812,145	72,659
Public safety					3,368,695	3,403,236	3,411,726	(8,490)
Economic environment								
Culture and recreation	9,596,008	10,193,451	10,080,318	113,133	622,896	548,479	506,242	42,237
Capital Outlay		947		947	147,357	78,189		78,189
Total expenditures	10,810,218	11,408,608	11,241,200	167,408	13,438,099	10,914,708	10,730,113	184,595
Excess (deficiency) of revenues over (under) expenditures	36,795,109	38,066,109	43,432,777	5,366,668	18,267,684	20,079,889	20,319,853	239,964
<b>Other financing sources (uses)</b>								
Transfers in					4,298,477	4,669,831	4,925,168	255,337
Transfers out	(36,795,109)	(38,066,109)	(38,063,307)	2,802	(23,937,142)	(25,726,576)	(25,726,576)	
Sale of capital assets						5,196	5,196	
Total other financing sources (uses)	(36,795,109)	(38,066,109)	(38,063,307)	2,802	(19,638,665)	(21,051,549)	(20,796,212)	255,337
Net change in fund balances			5,369,470	5,369,470	(1,370,981)	(971,660)	(476,359)	495,301
Fund balances - beginning of year	10,107,710	10,107,710	10,107,710		16,601,738	16,601,738	16,601,738	
Fund balances - end of year	\$ 10,107,710	\$ 10,107,710	\$ 15,477,180	\$ 5,369,470	\$ 15,230,757	\$ 15,630,078	\$ 16,125,379	\$ 495,301

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2012**  
**(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 1<sup>st</sup>. The budgets are approved by fund and department, and authorized at the department level. Management may transfer amounts between line items within a department as long as the transfer does not result in an increase in the department's budget. Increases to funds or department budgets and transfers between departments require City Commission approval.

There were three (3) supplemental budgetary appropriations during fiscal year ended September 30, 2012.

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, 2012**

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 58,028,990	\$ 10,088,408	\$ 68,117,398
Receivables, net	891,301	158,593	1,049,894
Due from other funds	259,122		259,122
Due from other governments	1,907,326		1,907,326
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u><u>\$ 61,086,739</u></u>	<u><u>\$ 10,247,001</u></u>	<u><u>\$ 71,333,740</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 2,540,741	\$	\$ 2,540,741
Retainage payable	890,186		890,186
Accrued expenditures	633,572	5,662	639,234
Unearned/deferred revenues	222,142	158,593	380,735
Due to other governments	7,719		7,719
Due to other funds	500,366		500,366
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>4,794,726</u>	<u>164,255</u>	<u>4,958,981</u>
<b>FUND BALANCES</b>			
Restricted	44,324,927	10,082,746	54,407,673
Committed	12,801,133		12,801,133
Assigned	42,116		42,116
Unassigned	(876,163)		(876,163)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>56,292,013</u>	<u>10,082,746</u>	<u>66,374,759</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u><u>\$ 61,086,739</u></u>	<u><u>\$ 10,247,001</u></u>	<u><u>\$ 71,333,740</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, 2012**

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Property taxes	\$	\$ 6,830,953	\$ 6,830,953
Sales , Use and Fuel Taxes	2,978,058		2,978,058
Other taxes	2,258,068		2,258,068
Federal grants	6,400,883		6,400,883
State grants	252,911		252,911
Grants from other local units	1,072,880		1,072,880
Charges for services	3,897,052		3,897,052
Fines and forfeitures	290,515		290,515
Impact Fees	5,319,311		5,319,311
Interest income	146,218	1,211	147,429
Miscellaneous	397,739		397,739
<b>Total revenues</b>	<b>23,013,635</b>	<b>6,832,164</b>	<b>29,845,799</b>
<b>EXPENDITURES</b>			
Current:			
General government	319,713		319,713
Public safety	8,204,953		8,204,953
Physical environment	28,711		28,711
Transportation	1,837,082		1,837,082
Economic environment	4,752,362		4,752,362
Human services	909,718		909,718
Culture and recreation	1,698,653		1,698,653
Capital Outlay	3,992,653		3,992,653
Debt Service:			
Principal	210,000	12,960,633	13,170,633
Interest	5,914	9,198,044	9,203,958
Other		18,827	18,827
<b>Total expenditures</b>	<b>21,959,759</b>	<b>22,177,504</b>	<b>44,137,263</b>
Excess (deficiency) of revenues over (under) expenditures	1,053,876	(15,345,340)	(14,291,464)
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding bonds issued		34,840,000	34,840,000
Premium on refunding bonds issued		3,117,141	3,117,141
Payment to escrow agent		(37,957,141)	(37,957,141)
Transfers in	11,423,915	18,416,784	29,840,699
Transfers out	(84,931)	(1,606,112)	(1,691,043)
<b>Total other financing sources</b>	<b>11,338,984</b>	<b>16,810,672</b>	<b>28,149,656</b>
<b>Net change in fund balances</b>	<b>12,392,860</b>	<b>1,465,332</b>	<b>13,858,192</b>
<b>Fund balances - beginning of year</b>	<b>43,899,153</b>	<b>8,617,414</b>	<b>52,516,567</b>
<b>Fund balances - end of year</b>	<b>\$ 56,292,013</b>	<b>\$ 10,082,746</b>	<b>\$ 66,374,759</b>

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

**September 30, 2012**

	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
<b>ASSETS</b>								
Cash and investments	\$ 375,011	\$ 196,217	\$ 9,697,472	\$ 11,585,084	\$ 2,718,343	\$ 889	\$ 33,455,974	\$ 58,028,990
Receivables, net			5,950	3,930	23,574		857,847	891,301
Due from other funds	234						258,888	259,122
Due from other governments	135,997				17,530	291,750	1,462,049	1,907,326
Total assets	<u>\$ 511,242</u>	<u>\$ 196,217</u>	<u>\$ 9,703,422</u>	<u>\$ 11,589,014</u>	<u>\$ 2,759,447</u>	<u>\$ 292,639</u>	<u>\$ 36,034,758</u>	<u>\$ 61,086,739</u>
<b>LIABILITIES AND FUND BALANCE</b>								
Liabilities:								
Accounts payable	\$ 97,765	\$	\$	\$ 13,121	\$ 235,113	\$ 306,178	\$ 1,888,564	\$ 2,540,741
Retainage payable			661,743			67,679	160,764	890,186
Accrued expenditures	2,180						631,392	633,572
Unearned/ Deferred revenue		69,939					152,203	222,142
Due to other funds	411,198						89,168	500,366
Due to other governments							7,719	7,719
Total liabilities	<u>511,143</u>	<u>69,939</u>	<u>661,743</u>	<u>13,121</u>	<u>235,113</u>	<u>373,857</u>	<u>2,929,810</u>	<u>4,794,726</u>
Fund balances:								
Restricted	99	126,278	9,041,679	11,575,893	2,524,334	2,065	21,054,579	44,324,927
Committed							12,801,133	12,801,133
Assigned							42,116	42,116
Unassigned						(83,283)	(792,880)	(876,163)
Total fund balances	<u>99</u>	<u>126,278</u>	<u>9,041,679</u>	<u>11,575,893</u>	<u>2,524,334</u>	<u>(81,218)</u>	<u>33,104,948</u>	<u>56,292,013</u>
Total liabilities and fund balances	<u>\$ 511,242</u>	<u>\$ 196,217</u>	<u>\$ 9,703,422</u>	<u>\$ 11,589,014</u>	<u>\$ 2,759,447</u>	<u>\$ 292,639</u>	<u>\$ 36,034,758</u>	<u>\$ 61,086,739</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, 2012

	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
<b>Revenues:</b>								
Sales, Use and Fuel Taxes	\$	\$	\$	\$	\$	\$	\$ 2,978,058	\$ 2,978,058
Other taxes							2,258,068	2,258,068
Federal grants	1,763,497				267,426	1,055,762	3,314,198	6,400,883
State grants		63,319			164,280		25,312	252,911
Grants from other local units					39,740		1,033,140	1,072,880
Charges for services							3,897,052	3,897,052
Fines and forfeitures							290,515	290,515
Impact Fees			4,265,250	1,054,061				5,319,311
Interest income		2,089	65,023		25,739		53,367	146,218
Miscellaneous	99	900					396,740	397,739
<b>Total revenues</b>	<b>1,763,596</b>	<b>66,308</b>	<b>4,330,273</b>	<b>1,054,061</b>	<b>497,185</b>	<b>1,055,762</b>	<b>14,246,450</b>	<b>23,013,635</b>
<b>Expenditures:</b>								
Current:								
General government							319,713	319,713
Public safety					475,764	1,289	7,727,900	8,204,953
Physical environment							28,711	28,711
Transportation				13,121			1,823,961	1,837,082
Economic environment	1,553,497	63,319				9,150	3,126,396	4,752,362
Human services						128,647	781,071	909,718
Culture and recreation							1,698,653	1,698,653
Capital Outlay			72,020	51,238	406,493	977,230	2,485,672	3,992,653
Debt Service:								
Principal	210,000							210,000
Interest							5,914	5,914
<b>Total expenditures</b>	<b>1,763,497</b>	<b>63,319</b>	<b>72,020</b>	<b>64,359</b>	<b>882,257</b>	<b>1,116,316</b>	<b>17,997,991</b>	<b>21,959,759</b>
Excess (deficiency) of revenues over (under) expenditures	99	2,989	4,258,253	989,702	(385,072)	(60,554)	(3,751,541)	1,053,876
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in							11,423,915	11,423,915
Transfers out					(73,933)		(10,998)	(84,931)
<b>Total other financing sources (uses)</b>					<b>(73,933)</b>		<b>11,412,917</b>	<b>11,338,984</b>
<b>Net change in fund balances</b>	<b>99</b>	<b>2,989</b>	<b>4,258,253</b>	<b>989,702</b>	<b>(459,005)</b>	<b>(60,554)</b>	<b>7,661,376</b>	<b>12,392,860</b>
Fund balances - beginning of year		123,289	4,783,426	10,586,191	2,983,339	(20,664)	25,443,572	43,899,153
Fund balances - end of year	<u>\$ 99</u>	<u>\$ 126,278</u>	<u>\$ 9,041,679</u>	<u>\$ 11,575,893</u>	<u>\$ 2,524,334</u>	<u>\$ (81,218)</u>	<u>\$ 33,104,948</u>	<u>\$ 56,292,013</u>

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

**September 30, 2012**

	General Obligation Debt Service Fund	Pension Special Obligation Debt Service Fund	Gulf Breeze Special Obligation Debt Service Fund	Miami Beach Redevelopment Agency Debt Service Fund	Sunshine State Special Obligation Debt Service Fund	Other Debt Service Funds	Total
<b><u>Assets</u></b>							
Cash and investments	\$ 1,558,763	\$ 664	\$ 1,628,974	\$ 6,771,793	\$ 126,547	\$ 1,667	\$ 10,088,408
Receivables, net	158,593						158,593
Total assets	<u>\$ 1,717,356</u>	<u>\$ 664</u>	<u>\$ 1,628,974</u>	<u>\$ 6,771,793</u>	<u>\$ 126,547</u>	<u>\$ 1,667</u>	<u>\$ 10,247,001</u>
<b><u>Liabilities and fund balances</u></b>							
Liabilities:							
Accrued expenditures	\$ 4,317	\$	\$	\$	\$	\$ 1,345	\$ 5,662
Deferred revenue	158,593						158,593
Total liabilities	<u>162,910</u>					<u>1,345</u>	<u>164,255</u>
Fund balances:							
Restricted	<u>1,554,446</u>	<u>664</u>	<u>1,628,974</u>	<u>6,771,793</u>	<u>126,547</u>	<u>322</u>	<u>10,082,746</u>
Total fund balances	<u>1,554,446</u>	<u>664</u>	<u>1,628,974</u>	<u>6,771,793</u>	<u>126,547</u>	<u>322</u>	<u>10,082,746</u>
Total liabilities and fund balances	<u>\$ 1,717,356</u>	<u>\$ 664</u>	<u>\$ 1,628,974</u>	<u>\$ 6,771,793</u>	<u>\$ 126,547</u>	<u>\$ 1,667</u>	<u>\$ 10,247,001</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, 2012**

	General Obligation Debt Service Fund	Pension Special Obligation Debt Service Fund	Gulf Breeze Special Obligation Debt Service Fund	Miami Beach Redevelopment Agency Debt Service Fund	Sunshine State Special Obligation Debt Service Fund	Other Debt Service Funds	Total
<b>Revenues</b>							
Property taxes	\$ 6,830,953	\$	\$	\$	\$	\$	\$ 6,830,953
Interest income	1,058			153			1,211
Total revenues	<u>6,832,011</u>			<u>153</u>			<u>6,832,164</u>
<b>Expenditures</b>							
Debt Service:							
Principal	3,105,000	3,100,000	1,860,542	4,660,000		235,091	12,960,633
Interest	2,865,574	1,889,318	460,426	3,733,816		248,910	9,198,044
Other	<u>7,874</u>		<u>10,953</u>				<u>18,827</u>
Total expenditures	<u>5,978,448</u>	<u>4,989,318</u>	<u>2,331,921</u>	<u>8,393,816</u>		<u>484,001</u>	<u>22,177,504</u>
Excess of expenditures over revenues	<u>853,563</u>	<u>(4,989,318)</u>	<u>(2,331,921)</u>	<u>(8,393,663)</u>		<u>(484,001)</u>	<u>(15,345,340)</u>
Other financing sources (uses):							
Refunding bonds issued	34,840,000						34,840,000
Premium on refunding bonds issued	3,117,141						3,117,141
Payment to escrow agent	(37,957,141)						(37,957,141)
Transfers in		4,989,318	2,823,112	10,120,349		484,005	18,416,784
Transfers out				(1,606,112)			(1,606,112)
Total other financing sources		<u>4,989,318</u>	<u>2,823,112</u>	<u>8,514,237</u>		<u>484,005</u>	<u>16,810,672</u>
Net change in fund balances	853,563		491,191	120,574		4	1,465,332
Fund balances at beginning 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>
Fund balances at end of year	<u>\$ 1,554,446</u>	<u>\$ 664</u>	<u>\$ 1,628,974</u>	<u>\$ 6,771,793</u>	<u>\$ 126,547</u>	<u>\$ 322</u>	<u>\$ 10,082,746</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, 2012

	General Obligation Debt Service Fund			Miami Beach Redevelopment Agency Special Obligation Debt Service Fund			
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
<b>Revenues</b>							
Property taxes	\$ 6,021,612	\$ 6,830,953	\$ 809,341	\$	\$	\$	\$
Interest income		1,058	1,058			153	153
Total revenues	6,021,612	6,832,011	810,399			153	153
<b>Expenditures</b>							
Debt Service:							
Principal payments	2,815,000	3,105,000	(290,000)	4,660,000	4,660,000	4,660,000	
Interest payments	3,196,357	2,865,574	330,783	3,733,816	3,733,816	3,733,816	
Other	10,255	7,874	2,381				
Total expenditures	6,021,612	5,978,448	43,164	8,393,816	8,393,816	8,393,816	
Excess (deficiency) of revenues over (under) expenditures		853,563	853,563	(8,393,816)	(8,393,816)	(8,393,663)	153
<b>Other financing sources (uses)</b>							
Proceeds of debt issuance		34,840,000	(34,840,000)				
Transfer to escrow		(37,957,141)	37,957,141				
Transfers in				9,999,928	10,120,349	10,120,349	
Transfers out				(1,606,112)	(1,606,112)	(1,606,112)	
Total other financing sources		(3,117,141)	3,117,141	8,393,816	8,514,237	8,514,237	
Net change in fund balances		(2,263,578)	3,970,704		120,421	120,574	153
Fund balances - beginning	700,883	700,883		6,651,219	6,651,219	6,651,219	
Fund balances - ending	\$ 700,883	\$ (1,562,695)	\$ 3,970,704	\$ 6,651,219	\$ 6,771,640	\$ 6,771,793	\$ 153

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**September 30, 2012**

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 8,108,079	\$ 11,640,140	\$ 6,697,373	\$ 26,445,592
Accounts receivable (net of allowance for uncollectibles)	670,085	17,665	286,006	973,756
Due from other funds	2,569,820	172,672	6,716	2,749,208
Prepaid expenses	7,000	26,141	33,141	33,141
Total current assets	<u>11,347,984</u>	<u>11,837,477</u>	<u>7,016,236</u>	<u>30,201,697</u>
Noncurrent assets:				
Cash and investments				
Customer deposits		12,935	246,726	259,661
Deferred charges	708			708
Capital assets:				
Land	405,680	2,793,051	210,230	3,408,961
Buildings and structures	969,407	28,054,695	2,052,692	31,076,794
Machinery and equipment	2,771,308	216,372	9,403	2,997,083
Construction in progress		112,701		112,701
Less accumulated depreciation	<u>(2,296,119)</u>	<u>(6,085,353)</u>	<u>(488,425)</u>	<u>(8,869,897)</u>
Total capital assets (net of accumulated depreciation)	<u>1,850,276</u>	<u>25,091,466</u>	<u>1,783,900</u>	<u>28,725,642</u>
Total noncurrent assets	<u>1,850,984</u>	<u>25,104,401</u>	<u>2,030,626</u>	<u>28,986,011</u>
Total assets	<u>13,198,968</u>	<u>36,941,878</u>	<u>9,046,862</u>	<u>59,187,708</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	319,443	290,921	6,862	617,226
Accrued expenses	56,101			56,101
Due to other funds	106,747	330,885	310,347	747,979
Due to other governments		6,298	8,039	14,337
Loan payable	167,817			167,817
Accrued compensated absences	237,086			237,086
Unearned revenue		40,710		40,710
Total current liabilities	<u>887,194</u>	<u>668,814</u>	<u>325,248</u>	<u>1,881,256</u>
Noncurrent liabilities:				
Deposits		12,935	241,597	254,532
Accrued compensated absences	371,916			371,916
Environmental remediation liability	1,000,000			1,000,000
Loan payable	487,199			487,199
Total noncurrent liabilities	<u>1,859,115</u>	<u>12,935</u>	<u>241,597</u>	<u>2,113,647</u>
Total liabilities	<u>2,746,309</u>	<u>681,749</u>	<u>566,845</u>	<u>3,994,903</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	1,195,260	25,091,466	1,783,900	28,070,626
Unrestricted	9,257,399	11,168,663	6,696,117	27,122,179
Total net assets	<u>\$ 10,452,659</u>	<u>\$ 36,260,129</u>	<u>\$ 8,480,017</u>	<u>\$ 55,192,805</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, 2012**

	<b>Sanitation Fund</b>	<b>Miami Beach Redevelopment Agency's Parking Fund</b>	<b>Miami Beach Redevelopment Agency's Leasing Fund</b>	<b>Totals</b>
Operating revenues:				
Charges for services	\$ 7,180,364	\$ 3,147,448	\$	\$ 10,327,812
Permits, rentals, and other	7,799,438	551,450	729,196	9,080,084
Total operating revenues	14,979,802	3,698,898	729,196	19,407,896
Operating expenses:				
Personal services	7,542,179			7,542,179
Operating supplies	28,147	100,255		128,402
Contractual services	4,587,964	1,953,456	661,830	7,203,250
Utilities	40,230	103,192		143,422
Internal charges	1,706,101	223,962	41,129	1,971,192
Depreciation	320,680	719,139	67,247	1,107,066
Administrative fees	938,430	313,264	36,210	1,287,904
Amortization	440			440
Other operating	442,935	2,927		445,862
Total operating expenses	15,607,106	3,416,195	806,416	19,829,717
Operating income (loss)	(627,304)	282,703	(77,220)	(421,821)
Nonoperating revenues (expenses):				
Interest and fiscal charges	(16,179)			(16,179)
Gain (Loss) on disposal of capital assets	3,953			3,953
Interest income	77,479	8,868	5,406	91,753
Total nonoperating expenses	65,253	8,868	5,406	79,527
Income before contributions and transfers	(562,051)	291,571	(71,814)	(342,294)
Transfers in	1,341,203	265,990	347,112	1,954,305
Transfers out	(7,113)			(7,113)
Change in net assets	772,039	557,561	275,298	1,604,898
Total net assets - beginning	9,680,620	35,702,568	8,204,719	53,587,907
Total net assets - ending	\$ 10,452,659	\$ 36,260,129	\$ 8,480,017	\$ 55,192,805

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2012**

	<b>Sanitation Fund</b>	<b>Miami Beach Redevelopment Agency's Parking Fund</b>	<b>Miami Beach Redevelopment Agency's Leasing Fund</b>	<b>Totals</b>
Cash flows from operating activities:				
Cash received from customers	\$ 5,666,626	\$ 3,135,437	\$ 273,450	\$ 9,075,513
Cash paid to suppliers	(6,872,590)	(2,215,883)	(669,732)	(9,758,205)
Cash paid to employees	(7,520,132)			(7,520,132)
Internal activity-payments to other funds	(1,045,531)	(499,437)	210,361	(1,334,607)
Other operating	7,799,438	551,450	729,196	9,080,084
Net cash provided by (used in) operating activities	<u>(1,972,189)</u>	<u>971,567</u>	<u>543,275</u>	<u>(457,347)</u>
Cash flows for non-capital financing activities:				
Transfers in	1,340,815		347,112	1,687,927
Transfers out	<u>(7,113)</u>	<u>265,990</u>		<u>258,877</u>
Net cash provided by non-capital financing activities	<u>1,333,702</u>	<u>265,990</u>	<u>347,112</u>	<u>1,946,804</u>
Cash flows from capital and related financial activities:				
Loan proceeds	230,061			230,061
Repayment of loan	(144,315)			(144,315)
Interest and fiscal charges	(16,301)			(16,301)
Purchase of capital assets	(281,735)			(281,735)
Proceeds from sale of capital assets	4,581			4,581
Net cash used in capital and related financial activities	<u>(207,709)</u>			<u>(207,709)</u>
Cash flows from investing activities:				
Interest on investments	<u>77,479</u>	<u>8,868</u>	<u>5,406</u>	<u>91,753</u>
Net cash provided by investing activities	<u>77,479</u>	<u>8,868</u>	<u>5,406</u>	<u>91,753</u>
Net increase in cash and investments	(768,717)	1,246,425	895,793	1,373,501
Cash and investments - beginning of year	<u>8,876,796</u>	<u>10,406,650</u>	<u>6,048,306</u>	<u>25,331,752</u>
Cash and investments - end of year	<u>\$ 8,108,079</u>	<u>\$ 11,653,075</u>	<u>\$ 6,944,099</u>	<u>\$ 26,705,253</u>
Classified as:				
Current assets	\$ 8,108,079	\$ 11,640,140	\$ 6,697,373	\$ 26,445,592
Restricted assets		12,935	246,726	259,661
Total cash and investments	<u>\$ 8,108,079</u>	<u>\$ 11,653,075</u>	<u>\$ 6,944,099</u>	<u>\$ 26,705,253</u>
Non-cash transactions affecting financial position:				
Capital contributions of capital assets	<u>\$ 388</u>	<u>\$</u>	<u>\$</u>	<u>\$ 388</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, 2012**

(continued)

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
Operating income (loss)	\$ (627,304)	\$ 282,703	\$ (77,220)	\$ (421,821)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:				
Depreciation and amortization	321,120	719,139	67,247	1,107,506
Provision for uncollectible accounts	(16,870)		(516)	(17,386)
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	120,576	(13,314)	122,456	229,718
(Increase) decrease in due from other funds	(1,617,444)	(123,518)	(6,716)	(1,747,678)
(Increase) decrease in prepaid expense			11,739	11,739
Increase (decrease) in accounts payable	(202,762)	(48,881)	(22,551)	(274,194)
Increase (decrease) in accrued expenses	8,292	(755)		7,537
Increase (decrease) in deposits		1,803	151,510	153,313
Increase (decrease) in due to other governments		(6,417)	2,910	(3,507)
Increase (decrease) in due to other funds	31,236	161,307	294,416	486,959
Increase (decrease) in deferred revenues		(500)		(500)
Increase (decrease) in accrued compensated absences	10,966			10,966
Total adjustments	(1,344,886)	688,864	620,495	(35,527)
Net cash provided by (used in) operating activities	\$ (1,972,190)	\$ 971,567	\$ 543,275	\$ (457,348)

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**September 30, 2012**

	<b>Fleet Management Fund</b>	<b>Property Management Fund</b>	<b>Central Services Fund</b>	<b>Risk Insurance Fund</b>	<b>Health Insurance Fund</b>	<b>Communications Fund</b>	<b>Total</b>
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 4,457,413	\$ 1,981,031	\$ 524,667	\$ 19,409,805	\$ 319,481	\$ 7,335,687	\$ 34,028,084
Cash with fiscal agent				250,000			250,000
Accounts receivable, net	295,887	13,297	2,396	66,956	448,598	8,905	836,039
Due from other funds	45,362	194,329	5,790	109,053	1,762,822	18,824	2,136,180
Prepaid expenses				1,244,684			1,244,684
Inventories	154,630	69,505	16,876				241,011
Total current assets	<u>4,953,292</u>	<u>2,258,162</u>	<u>549,729</u>	<u>21,080,498</u>	<u>2,530,901</u>	<u>7,363,416</u>	<u>38,735,998</u>
Noncurrent assets:							
Deferred charges	15,164					31,185	46,349
Capital assets:							
Land	608,520						608,520
Buildings and structures	2,582,551	19,276					2,601,827
Machinery and equipment	29,536,514	3,270,561	121,839	348,450		24,815,664	58,093,028
Construction in progress						27,000	27,000
Less accumulated depreciation	(20,583,863)	(2,717,626)	(113,862)	(309,384)		(21,057,905)	(44,782,640)
Total capital assets (net of accumulated depreciation)	<u>12,143,722</u>	<u>572,211</u>	<u>7,977</u>	<u>39,066</u>		<u>3,784,759</u>	<u>16,547,735</u>
Total noncurrent assets	<u>12,158,886</u>	<u>572,211</u>	<u>7,977</u>	<u>39,066</u>		<u>3,815,944</u>	<u>16,594,084</u>
Total assets	<u>17,112,178</u>	<u>2,830,373</u>	<u>557,706</u>	<u>21,119,564</u>	<u>2,530,901</u>	<u>11,179,360</u>	<u>55,330,082</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	1,113,116	260,859	32,315	274,316	471,929	665,596	2,818,131
Retainage payable	37,083						37,083
Accrued expenses	26,680	33,773	3,005	23,412	1,080	58,762	146,712
Due to other funds	25,297	56,960	6,452	5,961	31,881	40,299	166,850
Accrued compensated absences	69,683	159,890	16,853	18,522	2,898	192,286	460,132
Loan payable	2,395,963	81,602				711,651	3,189,216
Pending insurance claims				7,060,000			7,060,000
Total current liabilities	<u>3,667,822</u>	<u>593,084</u>	<u>58,625</u>	<u>7,382,211</u>	<u>507,788</u>	<u>1,668,594</u>	<u>13,878,124</u>
Noncurrent liabilities:							
Accrued compensated absences	121,089	43,043	35,699	47,852	21,998	565,031	834,712
Loan payable	6,686,784	271,914				1,666,930	8,625,628
Pending insurance claims				4,732,657			4,732,657
Insurance claims incurred but not reported				12,919,406	1,199,000		14,118,406
Total noncurrent liabilities	<u>6,807,873</u>	<u>314,957</u>	<u>35,699</u>	<u>17,699,915</u>	<u>1,220,998</u>	<u>2,231,961</u>	<u>28,311,403</u>
Total liabilities	<u>10,475,695</u>	<u>908,041</u>	<u>94,324</u>	<u>25,082,126</u>	<u>1,728,786</u>	<u>3,900,555</u>	<u>42,189,527</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	3,060,975	218,695	7,977	39,066		1,406,178	4,732,891
Unrestricted	3,575,508	1,703,637	455,405	(4,001,628)	802,115	5,872,627	8,407,664
Total net assets	<u>\$ 6,636,483</u>	<u>\$ 1,922,332</u>	<u>\$ 463,382</u>	<u>\$ (3,962,562)</u>	<u>\$ 802,115</u>	<u>\$ 7,278,805</u>	<u>\$ 13,140,555</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, 2012**

	<b>Fleet Management Fund</b>	<b>Property Management Fund</b>	<b>Central Services Fund</b>	<b>Risk Insurance Fund</b>	<b>Health Insurance Fund</b>	<b>Communications Fund</b>	<b>Total</b>
Operating revenues:							
Charges for services	\$ 8,890,224	\$ 8,185,818	\$ 1,016,040	\$ 21,011,043	\$ 20,091,168	\$ 13,445,272	\$ 72,639,565
Miscellaneous	123,345	5,361		570,542	1,524,736	15,425	2,239,409
Total operating revenues	9,013,569	8,191,179	1,016,040	21,581,585	21,615,904	13,460,697	74,878,974
Operating expenses:							
Personal services	1,730,287	3,925,130	398,967	574,501	128,872	4,767,968	11,525,725
Operating supplies	4,098,851	564,592	551	3,139		89,124	4,756,257
Contractual services	171,681	1,414,832	323,168	1,567,514	877,488	3,882,116	8,236,799
Utilities	55,941	694,877	1,697	412		1,523,323	2,276,250
Internal charges	537,815	737,275	86,413	20,075		771,945	2,153,523
Administrative fees				1,100,000			1,100,000
Amortization	10,411					5,683	16,094
Depreciation	2,606,238	188,307	4,931	39,496		2,358,974	5,197,946
Insurance				10,811,291	1,006,576		11,817,867
Claims and judgements				3,645,906	18,647,419		22,293,325
Other operating	71,347	31,504	61,310	26,020	161,763	1,196,168	1,548,112
Total operating expenses	9,282,571	7,556,517	877,037	17,788,354	20,822,118	14,595,301	70,921,898
Operating income (loss)	(269,002)	634,662	139,003	3,793,231	793,786	(1,134,604)	3,957,076
Nonoperating revenues (expenses):							
Interest and fiscal charges	(182,003)	(10,168)				(89,142)	(281,313)
Gain (loss) on sale of capital assets	277,834	11,890				(64,410)	225,314
Interest income	23,812	13,364	3,114	175,223		62,397	277,910
Total nonoperating revenues (expenses)	119,643	15,086	3,114	175,223		(91,155)	221,911
Income (loss) before contributions and transfers	(149,359)	649,748	142,117	3,968,454	793,786	(1,225,759)	4,178,987
Capital contributions	252,515					6,690	259,205
Transfers in						2,755,273	2,755,273
Transfers out	(6,422)	(103,258)	(2,704)	(4,233)		(2,220,867)	(2,337,484)
Change in net assets	96,734	546,490	139,413	3,964,221	793,786	(684,663)	4,855,981
Net assets--beginning	6,539,749	1,375,842	323,969	(7,926,783)	8,329	7,963,468	8,284,574
Net assets--ending	\$ 6,636,483	\$ 1,922,332	\$ 463,382	\$ (3,962,562)	\$ 802,115	\$ 7,278,805	\$ 13,140,555

**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, 2012

	<b>Fleet Management Fund</b>	<b>Property Maintenance Fund</b>	<b>Central Services Fund</b>	<b>Risk Insurance Fund</b>	<b>Health Insurance Fund</b>	<b>Communications Fund</b>	<b>Totals</b>
Cash flows from operating activities:							
Cash received from users	\$ 8,890,221	\$ 8,198,078	\$ 1,016,100	\$ 20,944,087	\$ 20,204,967	\$ 13,442,827	\$ 72,696,280
Cash paid to suppliers	(3,621,719)	(2,677,136)	(387,468)	(12,489,239)	(2,269,782)	(6,752,677)	(28,198,021)
Cash paid to employees	(1,736,452)	(3,921,009)	(390,265)	(584,452)	127,165	(4,671,971)	(11,176,984)
Cash paid for claims and judgements				(5,606,639)	(18,847,038)		(24,453,677)
Internal charges-payments to other funds	(537,815)	(836,384)	(89,349)	(1,120,075)	(778,756)	(771,945)	(4,134,324)
Other operating	(99,148)	286		570,542	1,524,736	15,425	2,011,841
Net cash provided by (used in) operating activities	2,895,087	763,835	149,018	1,714,224	(38,708)	1,261,659	6,745,115
Cash flows for non-capital financing activities:							
Transfers in						2,755,273	2,755,273
Transfers out	(6,422)	(103,258)	(2,704)	(4,233)		(2,220,867)	(2,337,484)
Net cash provided by (used in) non-capital financing activities	(6,422)	(103,258)	(2,704)	(4,233)		534,406	417,789
Cash flows from capital and related financial activities:							
Loan proceeds	4,870,183	98,967				48,262	5,017,412
Repayment of loan	(1,871,940)	(63,447)				(705,661)	(2,641,048)
Interest and fiscal charges	(179,906)	(10,168)				(94,574)	(284,648)
Purchase of capital assets	(5,894,716)	(116,012)				(1,130,922)	(7,141,650)
Proceeds from sale of capital assets	273,664	11,890				5,595	291,149
Net cash used in capital and related financial activities	(2,802,715)	(78,770)				(1,877,300)	(4,758,785)
Cash flows from investing activities:							
Interest on investments	23,812	13,364	3,114	175,223		62,397	277,910
Net cash provided by investing activities	23,812	13,364	3,114	175,223		62,397	277,910
Net increase (decrease) in cash and investments	109,762	595,171	149,428	1,885,214	(38,708)	(18,838)	2,682,029
Cash and investments - beginning of year	4,347,651	1,385,860	375,239	17,774,591	358,189	7,354,525	31,596,055
Cash and investments - end of year	<u>\$ 4,457,413</u>	<u>\$ 1,981,031</u>	<u>\$ 524,667</u>	<u>\$ 19,659,805</u>	<u>\$ 319,481</u>	<u>\$ 7,335,687</u>	<u>\$ 34,278,084</u>
Classified as:							
Cash and investments-current	\$ 4,457,413	\$ 1,981,031	\$ 524,667	\$ 19,659,805	\$ 319,481	\$ 7,335,687	\$ 34,278,084

(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, 2012**

(continued)

	<b>Fleet Management Fund</b>	<b>Property Maintenance Fund</b>	<b>Central Services Fund</b>	<b>Risk Insurance Fund</b>	<b>Health Insurance Fund</b>	<b>Communications Fund</b>	<b>Totals</b>
Operating income (loss)	\$ (269,002)	\$ 634,662	\$ 139,003	\$ 3,793,231	\$ 793,786	\$ (1,134,604)	\$ 3,957,076
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation and amortization	2,616,649	188,307	4,931	39,496		2,364,657	5,214,040
Provision for uncollectible accounts	(3)	12,260	210		366	240	13,073
Changes in assets and liabilities:							
(Increase) decrease in inventories	10,591	(1,355)	761				9,997
(Increase) decrease in accounts receivable	(186,140)	(5,075)	(150)	(66,956)	113,433	(569)	(145,457)
(Increase) decrease in due from other funds	(36,353)	(99,109)	(4,087)	(69,589)	(484,630)	(12,558)	(706,326)
Increase in prepaid expense				8,307		854	9,161
Increase (decrease) in accounts payable	869,914	(9,466)	27,945	89,751	33,789	310,759	1,322,692
Increase (decrease) in retainage payable	37,083						37,083
Increase (decrease) in accrued compensated absences	(11,947)	29,465	7,827	(11,237)	(1,987)	84,322	96,443
Increase (decrease) in due to other funds	8,467	16,751	1,153	1,052	(294,126)	10,442	(256,261)
Increase (decrease) in pending insurance claims				(5,332)	(199,619)		(204,951)
(Decrease) in insurance claims incurred but not reported				(1,955,401)			(1,955,401)
Increase (decrease) in accrued expenses	(144,172)	(2,605)	(28,575)	(109,098)	280	(361,884)	(646,054)
Total adjustments	3,164,089	129,173	10,015	(2,079,007)	(832,494)	2,396,263	2,788,039
Net cash provided by (used in) operating activities	\$ 2,895,087	\$ 763,835	\$ 149,018	\$ 1,714,224	\$ (38,708)	\$ 1,261,659	\$ 6,745,115

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

**September 30, 2012**

	Employees' Retirement System	Retirement System for Firefighters and Police Officers	Firemen's Relief and Pension Fund *	Policemen's Relief and Pension Fund	Postemployment Benefits Other Than Pension (OPEB)	Totals
<b>Assets</b>						
Cash and cash equivalents	\$ 8,587,189	\$ 20,000	\$ 291,110	\$ 20,056	\$ 16,018,946	\$ 24,937,301
Accrued interest receivable	677,079	2,501,444	64,969	25,208		3,268,700
Contribution receivable			1,658,361		3,074,000	4,732,361
Other receivables		541,152	18,087			559,239
Prepaid insurance				3,845		3,845
Investments, at fair value:						
Short-term investments				603,997		603,997
U.S. Government securities	18,646,364	32,002,383	1,098,798	448,529		52,196,074
Corporate bonds and notes	29,478,743	148,372,189	4,117,570	1,929,553		183,898,055
Municipal bonds	1,041,326					1,041,326
Bond Funds	70,830,814					70,830,814
Foreign Bonds	543,630	16,392,241				16,935,871
Common stocks and index funds	47,998,190	256,951,845	5,850,128	3,095,426		313,895,589
Aggregated equity funds	245,090,452	96,345,734				341,436,186
Money market funds		20,171,667				20,171,667
Private placements		28,822,807				28,822,807
Real estate funds		20,718,896				20,718,896
Mutual funds self-directed DROP participants	6,215,544	9,408,588				15,624,132
Total investments	419,845,063	629,186,350	11,066,496	6,077,505		1,066,175,414
Total assets	429,109,331	632,248,946	13,099,023	6,126,614	19,092,946	1,099,676,860
<b>Liabilities</b>						
Accounts payable	6,594,919	9,840,717		14,000	78,303	16,527,939
Total liabilities	6,594,919	9,840,717		14,000	78,303	16,527,939
<b>Net Assets</b>						
Held in trust for pension benefits	\$ 422,514,412	\$ 622,408,229	\$ 13,099,023	\$ 6,112,614	\$ 19,014,643	\$ 1,083,148,921

\* Balance at June 30, 2012

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

For the Fiscal Year Ended September 30, 2012

	Employees' Retirement System	Retirement System for Firefighters and Police Officers	Firemen's Relief and Pension Fund *	Policemen's Relief and Pension Fund	Postemployment Benefits Other Than Pension (OPEB)	Totals
<b>Additions:</b>						
Contributions -						
Employer	\$ 16,312,068	\$ 36,176,910	\$	\$	\$ 3,074,000	\$ 55,562,978
Employee	7,425,051	5,327,374				12,752,425
State of Florida		120,549	1,608,481	529,038		2,258,068
Buybacks/transfers from other systems		2,435,700				2,435,700
Other			2,159	22		2,181
<b>Total contributions</b>	<b>23,737,119</b>	<b>44,060,533</b>	<b>1,610,640</b>	<b>529,060</b>	<b>3,074,000</b>	<b>73,011,352</b>
<b>Investment income -</b>						
Net increase in fair value of investments	69,957,932	92,213,224	193,886	750,940	1,680,041	164,796,023
Interest and dividends income	4,820,401	15,448,623	303,608	150,460	203,227	20,926,319
	74,778,333	107,661,847	497,494	901,400	1,883,268	185,722,342
Investment management expenses	(907,577)	(2,597,146)	(36,907)			(3,541,630)
<b>Net investment income/(loss)</b>	<b>73,870,756</b>	<b>105,064,701</b>	<b>460,587</b>	<b>901,400</b>	<b>1,883,268</b>	<b>182,180,712</b>
<b>Total additions/(reduction)</b>	<b>97,607,875</b>	<b>149,125,234</b>	<b>2,071,227</b>	<b>1,430,460</b>	<b>4,957,268</b>	<b>255,192,064</b>
<b>Deductions:</b>						
Benefit paid	35,562,763	48,520,389	1,397,836	760,455		86,241,443
Contributions refunded	811,738	205,394				1,017,132
Administrative expenses	706,453	859,125	34,651	100,133	78,303	1,778,665
<b>Total deductions</b>	<b>37,080,954</b>	<b>49,584,908</b>	<b>1,432,487</b>	<b>860,588</b>	<b>78,303</b>	<b>89,037,240</b>
<b>Net increase/(decrease)</b>	<b>60,526,921</b>	<b>99,540,326</b>	<b>638,740</b>	<b>569,872</b>	<b>4,878,965</b>	<b>166,154,824</b>
<b>Net assets held in trust for pension benefits - beginning of year</b>	<b>361,987,491</b>	<b>522,867,903</b>	<b>12,460,283</b>	<b>5,542,742</b>	<b>14,135,678</b>	<b>916,994,097</b>
<b>Net assets held in trust for pension benefits - end of year</b>	<b>\$ 422,514,412</b>	<b>\$ 622,408,229</b>	<b>\$ 13,099,023</b>	<b>\$ 6,112,614</b>	<b>\$ 19,014,643</b>	<b>\$ 1,083,148,921</b>

\* For the period ended June 30, 2012

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

**For the Fiscal Year Ended September 30, 2012**

	September 30, 2011	Additions	Deductions	September 30, 2012
<u>Assets</u>				
Cash and investments	\$ 5,289,874	\$ 75,131,771	\$ 70,114,980	\$ 10,306,665
Accounts receivable	133,760	1,422,982	1,330,953	225,789
Total Assets	<u>\$ 5,423,634</u>	<u>\$ 76,554,753</u>	<u>\$ 71,445,933</u>	<u>\$ 10,532,454</u>
<u>Liabilities</u>				
Accounts payable	\$ 199,446	\$ 68,955,390	\$ 69,094,367	\$ 60,469
Deposits	5,224,188	74,474,217	69,226,420	10,471,985
Total Liabilities	<u>\$ 5,423,634</u>	<u>\$ 143,429,607</u>	<u>\$ 138,320,787</u>	<u>\$ 10,532,454</u>

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

**September 30, 2012**

	Miami Beach Visitor and Convention Authority	Miami Beach Health Facilities Authority	Total
<b>Assets</b>			
Cash and investments	\$ 2,469,658	\$ 1,040,469	\$ 3,510,127
Accounts receivable	421,783		421,783
Capital assets, net of accumulated depreciation	38,390		38,390
Total assets	2,929,831	1,040,469	3,970,300
<b>Liabilities</b>			
Accounts payable	9,071		9,071
Accrued expenses	527,875		527,875
Total liabilities	536,946		536,946
<b>Net Assets</b>			
Invested in capital assets	38,390		38,390
Unrestricted	2,354,495	1,040,469	3,394,964
Total net assets	\$ 2,392,885	\$ 1,040,469	\$ 3,433,354

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

**For the Fiscal Year Ended September 30, 2012**

	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Assets		Totals
		Operating Grants and Contributions	Visitor and Convention Authority	Health Facilities Authority	
<b>Miami Beach Visitor and Convention Authority</b>					
Cultural - grant program	\$ 1,868,483	\$ 30,000	\$ (1,838,483)	\$	\$ (1,838,483)
General administrative	657,556		(657,556)		(657,556)
Total Miami Beach Visitor and Convention Authority	<u>2,526,039</u>	<u>30,000</u>	<u>(2,496,039)</u>		<u>(2,496,039)</u>
<b>Miami Beach Health Facilities Authority</b>					
General administrative	175			(175)	(175)
Total component units	<u>\$ 2,526,214</u>	<u>\$ 30,000</u>			<u>(2,496,214)</u>
General revenues:					
Resort tax allocation			2,089,371		2,089,371
Financing fees				639,350	639,350
Misc.				5,000	5,000
Interest			7,928	76	8,004
Total general revenues			<u>2,097,299</u>	<u>644,426</u>	<u>2,741,725</u>
Change in net assets			(398,740)	644,251	245,511
Net assets - beginning			2,791,625	396,218	3,187,843
Net assets - ending			<u>\$ 2,392,885</u>	<u>\$ 1,040,469</u>	<u>\$ 3,433,354</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 428,246,552
Restricted	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	108,516,557
Unrestricted	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	118,779,886
Total governmental activities net assets	<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>	<u>655,542,995</u>
Business-type activities										
Invested in capital assets, net of related debt	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	375,703,323
Restricted			12,919,888	28,977,432	28,894,110	21,887,662	18,984,310	41,033,514	36,061,707	41,491,319
Unrestricted	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	146,511,507
Total business-type activities net assets	<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>	<u>563,706,149</u>
Primary government										
Invested in capital assets, net of related debt	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	803,949,875
Restricted	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	150,007,876
Unrestricted	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	265,291,393
Total primary government net assets	<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>	<u>\$ 1,219,249,144</u>

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 41,088,006
Public safety	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	175,282,705
Physical environment	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	2,412,040
Transportation	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	16,084,458
Economic environment	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	4,406,521
Human services	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	2,218,460
Culture and recreation	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	43,713,126
Interest on long-term debt	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	9,739,449
Total governmental activities expenses	<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>	<u>294,944,765</u>
Business-type activities:										
Stormwater	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	6,713,885
Water	15,615,833	17,266,977	17,672,606	20,974,282	21,124,609	20,930,577	23,467,862	26,677,078	28,376,149	27,124,273
Sewer	24,948,514	23,854,749	25,074,612	23,747,056	25,818,687	26,619,914	25,425,037	28,895,679	29,548,149	28,205,784
Parking	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	28,773,051
Convention Center	15,615,399	15,022,623	16,885,954	18,139,037	18,365,554	17,788,549	15,743,596	13,520,338	14,270,835	17,666,204
Other	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	19,688,052
Total business-type activities expenses	<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>	<u>128,171,249</u>
Total primary government expenses	<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>	<u>\$ 423,116,014</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 55,699,107
Public safety	14,471,102	16,299,872	18,255,615	20,452,808	20,430,100	23,485,245	5,668,803	5,707,217	20,307,074	7,934,329
Culture and recreation	3,798,117	4,634,957	5,532,048	5,581,803	5,849,885	5,837,885	6,513,589	6,852,311	10,969,329	7,284,999
Other	9,756,567	6,231,030	5,714,406	65,111	55,028	34,470	20,305	16,040	14,470	17,745
Operating grants and contributions	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	25,061,223
Capital grants and contributions	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	4,899,293
Total governmental activities program revenue	<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>	<u>100,896,696</u>
Business-type activities:										
Charges for services:										
Stormwater	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	11,612,237
Water	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	33,172,990
Sewer	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	35,091,105
Parking	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	38,185,494
Convention Center	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	9,969,719
Other	6,115,640	6,386,667	7,449,685	7,465,516	7,956,217	10,038,593	10,758,578	9,787,677	10,588,118	15,046,388
Operating grants and contributions	9,627,672	11,075,929	20,459,284	18,749,928	18,717,953	14,833,004	13,360,122	13,882,449	13,944,300	10,659,421
Total business-type activities program revenue	<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>	<u>153,737,354</u>
Total primary government program revenue	<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>\$ 241,887,508</u>	<u>\$ 254,634,050</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (194,048,069)
Business-type activities	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	25,566,105
Total primary government net expense	<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>	<u>\$ (168,481,964)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 116,004,442
Resort taxes	24,002,336	27,406,669	32,112,039	34,265,010	36,595,885	38,100,280	37,412,291	42,394,976	48,773,891	53,920,167
Tax increment	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	42,411,382
Utility taxes	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	10,293,270
Communication service							7,196,266	6,328,924	5,859,093	5,443,905
Local business tax	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	4,404,357
Miscellaneous	9,965,739	107,920	224,200	169,664	118,640	1,304,665	894,995	6,653,210	618,470	883,457
Unrestricted investment earnings	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	4,749,664
Gain or (loss) on disposal of capital assets			(25,839,322)		257,928		28,837	89,522	264,801	259,635
Transfers	1,863,604	4,421,623	925,797	(654,166)	(3,310,095)	(252,411)	(3,420,189)	(14,625,515)	(13,750,433)	8,328,465
Total governmental activities	<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>247,063,004</u>	<u>222,220,816</u>	<u>219,100,493</u>	<u>246,698,744</u>
Business-type activities:										
Tax increment						2,357,697	2,405,168	2,619,643	3,071,141	3,046,200
Unrestricted investment earnings	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	1,391,120
Gain (Loss) on disposal of capital assets					(12,949)			(7,465)	75,365	114,222
Transfers	(1,863,604)	(4,421,623)	(925,797)	654,166	3,310,095	252,411	3,420,189	14,625,515	13,750,433	(8,328,465)
Total business-type activities	<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>	<u>(3,776,923)</u>
Total primary government	<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>	<u>\$ 242,921,821</u>
<b>Change in Net Assets</b>										
Governmental activities	\$ 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	\$ 52,650,675
Business-type activities	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	21,789,182
Total primary government	<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>	<u>\$ 74,439,857</u>

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 2,186,082	\$ 198,934	\$ 610,236	\$ 1,128,937	\$ 1,736,059	\$ 1,845,391	\$	\$	\$	\$
Unreserved	26,982,549	29,457,359	34,647,776	36,688,832	42,406,855	44,645,724				
Nonspendable							164,846		78,020	10,558
Restricted							6,200,000	4,653,291	4,653,291	5,188,291
Committed							39,821,254		272,922	3,915,257
Assigned							4,499,003	44,452,200	47,865,087	47,506,132
Unassigned							4,385,813	6,053,327	2,906,247	4,232,166
Total general fund	<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>	<u>\$ 60,852,404</u>
All Other Governmental Funds										
Reserved	\$ 33,769,368	\$ 37,170,427	\$ 30,916,933	\$ 32,287,596	\$ 59,563,178	\$ 55,922,849	\$	\$	\$	\$
Unreserved, reported in:										
Special revenue funds	44,483,861	49,884,099	103,530,139	79,958,508	76,668,102	61,423,282				
Capital projects fund	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	4,490
Restricted							219,624,064	226,066,215	219,902,708	231,046,613
Committed							50,557,449	45,904,634	42,625,948	39,723,193
Assigned							49,918	69,221	53,020	42,116
Unassigned								(3,540,285)	(2,445,745)	(4,596,490)
Total all other governmental funds	<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>	<u>\$ 266,219,922</u>

**Note:** The City implemented Government Accounting Standards Board (GASB) 54, Fund Balance Reporting and Governmental Fund Type Definitions for the fiscal year ended September 30, 2009.

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

Fiscal Year Ended September 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes	\$ 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	\$ 240,478,321
Franchise fees	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	9,261,120
Permits	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	15,825,051
Intergovernmental	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	20,726,490
Charges for services	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	15,793,374
Rents & leases	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	6,154,965
Interest	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	4,471,754
Fines and forfeitures	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	3,391,565
Administrative fees	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	15,018,027
Special assessment	223,014	245,425	84,496	991,014	838,519	918,633	767,239	741,796	748,128	697,000
Impact fees	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	5,319,311
Other revenues	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	4,090,875
<b>Total revenues</b>	<b>216,941,377</b>	<b>227,605,772</b>	<b>249,083,838</b>	<b>307,631,694</b>	<b>354,220,928</b>	<b>348,920,465</b>	<b>329,331,763</b>	<b>325,486,427</b>	<b>331,543,547</b>	<b>341,227,853</b>
<b>Expenditures</b>										
General government	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	44,345,488
Public safety	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	169,615,823
Physical environment	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	2,134,541
Transportation	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	5,489,882
Economic environment	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	5,536,866
Human services	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	2,216,627
Culture and recreation	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	41,056,256
Capital Outlay	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	38,137,968
Debt service										
Principal	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	13,920,633
Interest	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	9,863,906
<b>Total expenditures</b>	<b>228,800,330</b>	<b>230,859,033</b>	<b>245,622,978</b>	<b>263,198,219</b>	<b>309,631,506</b>	<b>337,740,129</b>	<b>337,822,141</b>	<b>337,165,396</b>	<b>343,256,204</b>	<b>332,317,990</b>
Excess of revenue over (under) expenditures	(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)	8,909,863
<b>Other Financing Sources (Uses)</b>										
Refunding Bonds Issued			135,726,047							34,840,000
Premium on refunding bonds issued										3,117,141
Payment to escrow agent			(137,712,609)							(37,957,141)
Transfer to escrow agent					(3,060,000)					
Proceeds of debt issuance	62,465,000									
Proceeds from loan	1,042,000		2,957,930					13,279,659		
Sale of assets			1,844,513	34,183	24,592	12,127	5,421	4,478	14,592	34,321
Proceeds from sale of land and building			39,898,102							
Transfers in	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	91,924,389
Transfers out	(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)	(89,712,235)
<b>Total other financing sources (uses)</b>	<b>68,009,418</b>	<b>1,576,941</b>	<b>45,232,549</b>	<b>(2,324,300)</b>	<b>(9,107,169)</b>	<b>(768,245)</b>	<b>(679,782)</b>	<b>10,035,424</b>	<b>3,965,553</b>	<b>2,246,475</b>
<b>Net change in fund balances</b>	<b>\$ 56,150,465</b>	<b>\$ (1,676,320)</b>	<b>\$ 48,693,409</b>	<b>\$ 42,109,175</b>	<b>\$ 35,482,253</b>	<b>\$ 10,412,091</b>	<b>\$ (9,170,160)</b>	<b>\$ (1,643,545)</b>	<b>\$ (7,747,104)</b>	<b>\$ 11,156,338</b>
 Debt service as a percentage of noncapital expenditures	 14.97%	 14.64%	 15.20%	 10.97%	 9.53%	 9.33%	 9.16%	 9.32%	 7.87%	 8.09%

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

Fiscal Year Ended September 30,	Real Property				Value of Taxable Property	Exemptions			Total Taxable Assessed Value	Total Direct Tax Rate <sup>D</sup>
	Residential Property	Commercial Property	Industrial Property	Other Property		Real property- Amendment 10 Excluded Value <sup>C</sup>	Less: Tax-Exempt Property	Other Exemptions		
2003 <sup>A</sup>	\$	\$	\$	\$	\$	\$	\$	\$	\$	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 <sup>B</sup>	18,228,553	5,551,314	48,983	2,599,899	26,428,749	1,651,400	2,624,675	47,932	22,104,742	6.5025
2012	18,370,666	5,909,382	48,770	2,643,427	26,972,245	1,740,330	2,614,791	638,834	21,978,290	6.4539

**Source:** 2011 Tax Roll for Miami-Dade County

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

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

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

<sup>B:</sup> Total actual and assessed values are estimates based on the First Certified 2010 Tax Roll made available on July 1, 2011 , prior to any adjustments processed by the Value Adjustment Board. The Final Certified Tax Roll for 2011 has not been released as of the date of this report.

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

<sup>D:</sup> Total direct rate includes 6.0572 mills for operating, 0.1083 mills for capital renewal and replacement and 0.2884 mills for debt service.

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

Fiscal Year Ended September 30,	City of Miami Beach Direct Rates			Overlapping Rates <sup>A</sup>			Total
	Operating Millage	Debt Service Millage	Total Direct Millage	School District Millage	County Millage	State Millage	
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
2012	6.1655	0.2884	6.4539	7.9980	5.6610	0.4634	20.5763

**Source:** Miami-Dade County, Florida; Department of Property Appraisal  
2012 Millage Table.

**State Legislated Operating millage Requirements**

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

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

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

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

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

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

2012			2003		
Taxpayer	Taxable Assessed Value	Percentage of The City's Certified Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of The City's Certified Taxable Assessed Value
Fountainbleau Florida Hotel LLC	\$ 289,947,584	1.32 %	Lowes Miami Beach, Hotel	\$ 125,283,186	1.19 %
2201 Collins Fee LLC	220,373,730	1.00	Hotelerama Aossociation Ltd.	87,079,796	0.82
MB Redev. Inc./Loews Hotel	195,300,000	0.89	Athena Karltone Sobe LLC	63,581,526	0.60
Sandy Lane Residential LLC	159,142,793	0.72	Morton Towers Apts. LP	53,000,000	0.50
Florida Power & Light Co	158,530,880	0.72	Gumenick Family Inv. No. 1 Ltd.	45,193,520	0.43
Di Lido Beach Hotel Corp.	100,600,000	0.46	IHC/Miami Beach Corp.	32,870,371	0.31
MCZ/ Centrum Flamingo II LLC	88,800,000	0.40	Eden Roc LLP	28,620,000	0.27
Eden Roc LLP	87,560,000	0.40	RDP Royal Palm Hotel LP	28,386,592	0.27
MCZ/ Centrum Flamingo III LLC	74,600,000	0.34	Roney Plaza Associates Ltd.	26,900,000	0.25
RP Hotel Holdings LLC	70,716,951	0.32	Komar Investments	22,500,000	0.21
	<u>\$ 1,445,571,938</u>	<u>6.57 %</u>		<u>\$ 513,414,991</u>	<u>4.85 %</u>

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

**CITY OF MIAMI BEACH, FLORIDA  
PROPERTY TAX LEVIES AND COLLECTIONS,  
FISCAL YEARS 2003 THRU 2012**

Fiscal Year Ended September 30,	Taxes levied for the fiscal year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 84,805,044	\$ 89,585,549 (A)	N/A %	\$ N/A	\$ N/A	N/A %
2004	95,385,989	85,356,281	89.49	658,528	86,014,809	90.18
2005	110,739,153	97,731,071	88.25	1,065,267	98,796,338	89.22
2006	135,910,285	132,487,342	97.48	1,773,354	134,260,696	98.79
2007	165,759,439	163,120,484	98.41	2,124,767	165,245,251	99.69
2008	150,418,073	145,433,238	96.69	4,619,340	150,052,578	99.76
2009	150,588,328	144,321,499	95.84	4,636,156	148,957,655	98.92
2010	138,703,567	131,355,903	94.70	3,607,229	134,963,132	97.30
2011	136,549,286	128,719,932	94.27	373,657	129,093,589	94.54
2012	134,753,401	129,572,373	96.16		129,572,373	96.16

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

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

(A)Breakdown between current and delinquent collections not available. Collections represent total of current and delinquent collections received during the year.

(B)For the City of Miami Beach, the period for which levied coincides with the fiscal year.

N/A-Information not available.

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

Governmental Activities										
Fiscal Year	General Obligation Bonds	Resort Tax Revenue Bonds <sup>F</sup>	Gulf Breeze Government Loan Program	Sunshine State Loan Program <sup>H</sup>	Pension Obligation Bonds	Redevelopment Agency Tax Increment Revenue Bonds	Loans Payable <sup>A</sup>	Other Obligations	Total Governmental Activities	
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 <sup>G</sup>	237,152	
2011	68,280		19,739		37,095	75,035	9,438	15,225	224,812	
2012	64,045		17,128		33,995	70,375	11,815	14,780	212,138	
Business-type activities							Total			
Fiscal Year	Storm Water Revenue Bonds <sup>C</sup>	Water and Sewer Revenue Bonds	Parking Revenue Bonds/Loan	Loan Payable <sup>A</sup>	Capital Leases <sup>D</sup>	Total Business Activities	Total Primary Government	Percentage of Personal Income	Per Capita <sup>C</sup>	
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 <sup>E</sup>	29,132	495		190,542	473,058	15.79 %	5.05755	
2007	46,130	110,610	27,769	345		184,854	449,680	14.48 %	4.88013	
2008	45,075	107,154	26,241	1,035		179,505	436,347	12.90 %	4.65581	
2009	43,970	103,439	24,639	1,133		173,181	412,754	12.23 %	4.38913	
2010	42,645	129,437 <sup>J</sup>	22,960	1,220		196,262	433,414	12.84 %	4.66875	
2011	42,700	125,557	45,966 <sup>K</sup>	1,670		215,893	440,705	13.62 %	5.02062	
2012	94,646 <sup>I</sup>	121,507	44,040	2,025		262,218	474,356	% <sup>B</sup>	5.26495	

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

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

A Loan began in fiscal year 2002

B Data not available

C See page 130 for population information

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

E New debt issued during fiscal year 2006

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

G New equipment lease began in fiscal year 2010

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

I New debt issued in fiscal year 2012

J New debt issued in fiscal year 2010

K New debt issued in fiscal year 2011

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

	General Bonded Debt								
Fiscal Year	General Obligation Bonds	Redevelopment Bonds	Gulf Breeze Fixed Rate Bonds	Pension Refunding Bonds	Sunshine State VRDS <sup>A</sup>	Total	Percentage of Actual Taxable Value of Property		Per Capita <sup>B</sup>
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
2012	64,045	70,375	17,128	33,995		185,543	0.84		2.0594

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

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

<sup>B</sup>: See page 130 for population information.

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt limit	\$ 1,561,322,746	\$ 1,778,109,377	\$ 2,078,715,000	\$ 2,584,651,615	\$ 3,338,693,748
Total net debt applicable to limit	87,161,948	82,062,643	86,269,623	80,348,515	77,595,559
Legal Debt margin	<u>\$ 1,474,160,798</u>	<u>\$ 1,696,046,734</u>	<u>\$ 1,992,445,377</u>	<u>\$ 2,504,303,100</u>	<u>\$ 3,261,098,189</u>
Total net debt applicable to the limit as a percentage of debt limit	5.58%	4.62%	4.15%	3.11%	2.32%
	Fiscal Year				
	2008	2009	2010	2011	2012
Debt limit	\$ 3,920,416,339	\$ 3,882,603,724	\$ 3,465,358,138	\$ 3,315,711,442	\$ 3,296,743,489
Total net debt applicable to limit	75,105,405	72,702,497	70,195,935	67,579,117	62,490,554
Legal Debt margin	<u>\$ 3,845,310,934</u>	<u>\$ 3,809,901,227</u>	<u>\$ 3,395,162,203</u>	<u>\$ 3,248,132,325</u>	<u>\$ 3,234,252,935</u>
Total net debt applicable to the limit as a percentage of debt limit	1.92%	1.87%	2.03%	2.04%	1.90%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value	\$ 21,978,289,928
Debt limit (15% of assessed value)	3,296,743,489
Debt applicable to limit:	
General obligation bonds	64,045,000
Less: Amount set aside for repayment of general obligation debt	<u>1,554,446</u>
Total net debt applicable to limit	<u>62,490,554</u>
Legal debt margin	<u>\$ 3,234,252,935</u>

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

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

Fiscal Year	Revenue	Less:	Net available Revenue	Debt Service		Coverage
		Operating Expenses		Principal	Interest	
Parking Revenue Bonds						
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
<sup>A</sup> 2011	40,663,353	21,016,656	19,646,697	2,015,876	1,773,541	5.18
2012	42,818,274	21,860,993	20,957,281	1,909,458	2,121,143	5.20

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**

2003	\$ 47,969,148	\$ 32,658,124	\$ 15,311,024	\$ 2,480,000	\$ 5,304,122	1.97
2004	48,726,532	32,783,429	15,943,103	2,605,000	5,183,223	2.05
2005	54,104,716	35,626,830	18,477,886	2,735,000	5,052,972	2.37
2006	50,313,742	35,398,721	14,915,021	A 4,148,258		3.60
2007	51,181,355	36,816,705	14,364,650	3,285,000	5,466,855	1.64
2008	54,366,038	37,618,570	16,747,468	3,480,000	5,331,556	1.90
2009	64,360,255	38,982,808	25,377,447	3,740,000	5,187,155	2.84
2010	69,632,326	45,831,721	23,800,605	3,775,000	5,036,856	2.70
2011	69,086,475	48,509,804	20,576,671	3,930,000	5,961,736	2.08
2012	68,622,998	46,769,683	21,853,315	4,100,000	5,801,135	2.21

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

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

**Stormwater Revenue Bonds**

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
2012	11,754,024	3,770,907	7,983,117	1,500,000	3,337,013	1.65

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**

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
2012	84,906,486	500,000	84,406,486	4,660,000	3,733,816	10.06

**CITY OF MIAMI BEACH, FLORIDA**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**SEPTEMBER 30, 2012**

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**DIRECT DEBT**

General obligation indebtedness		
Public improvement bonds (net of amount available)	\$	64,045,000

Non-self-supporting indebtedness: (A)

Gulf Breeze Government Loan Program	17,128,392	
Pension Obligation Bonds	33,995,000	
Tax Increment Revenue Bonds	70,375,000	
Total non-self-supporting indebtedness		121,498,392
Total direct indebtedness		185,543,392

**OVERLAPPING DEBT (B)**

Miami-Dade County		
Total general obligation indebtedness	1,043,496,000	
Percent applicable to City - 11.7808% (C)		122,932,177
Total school district obligation indebtedness	223,735,000	
Percent applicable to City - 11.7808% (C)		26,357,773
Total net non-self-supporting indebtedness	2,385,895,000	
Percent applicable to City - 11.7808% (C)		281,077,518
Total overlapping debt		430,367,468
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<b>\$</b>	<b>615,910,860</b>

(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

Year	Miami Beach Population	Personal Income ( <i>thousands of dollars</i> )	Per Capita Personal Income	Auto Tags	Bank Deposits (Thousands)	School Age Population	Unemployment Rate
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	<sup>A</sup>	427,034	10.7
2010	87,779	92,227	36,846	1,999,364	82,935	395,791	12.4
2011	90,097	96,657	37,834	2,007,052	<sup>A</sup>	396,973	11.3

**Source:** Florida Statistical Abstract, 2012.

<sup>A</sup> Data not available

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

Ten Largest Public Employers					
<u>Employer</u>	2012		Percentage of Total County Employment	2003	
	<u>Employees</u>	<u>Rank</u>		<u>Employees</u>	<u>Rank</u>
Miami-Dade County Public Schools	48,571	1	4.33 %	45,886	1
Miami-Dade County	29,000	2	2.59	32,000	2
Federal Government	19,500	3	1.74	20,100	3
Florida State Government	17,100	4	1.52	18,900	4
Jackson Health System	12,571	5	1.12	11,700	5
Florida International University	8,000	6	0.71	3,500	7
Miami-Dade College	6,200	7	0.55	7,500	6
City of Miami	4,309	8	0.38	3,400	8
Homestead Air Force Base	2,700	9	0.24		
Miami VA Medical Center	2,385	10	0.21	2,018	9
U.S. Coast Guard				1,823	10
Ten Largest Private Employers					
<u>Employer</u>	2012		Percentage of Total County Employment	2003	
	<u>Employees</u>	<u>Rank</u>		<u>Employees</u>	<u>Rank</u>
University of Miami	16,000	1	1.43 %	9,079	1
Baptist Health South Florida	13,376	2	1.19	7,000	3
Publix Super Markets	10,800	3	0.96	4,000	8
American Airlines	9,000	4	0.80	9,000	2
Precision Response Corporation	5,000	5	0.45	6,000	4
Florida Power and Light	3,840	6	0.34	3,665	9
Carnival Cruise Lines	3,500	7	0.31	4,000	7
Winn Dixie Stores	3,400	8	0.30		
Bellsouth/AT&T	3,100	9	0.28	4,700	6
Mount Sinai Health Center	3,000	10	0.27	3,000	10
United Parcel Service				5,000	5

**Source:** Employer and employees information provided by the Beacon Council. Percentage of total County employment was calculated based on total County employment of 1,121,772 as presented in the 2012 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government:										
Mayor and commission	20	20	20	20	20	19	19	19	18	18
City manager	14	13	13	13	13	11	11	10	10	10
Office of communications	2	2	2	8	9	8	6	5	5	5
Budget and performance improvement	18	18	20	20	21	19	19	18	18	18
Finance	43	43	43	45	46	39	37	37	37	37
Information technology	37	40	41	44	46	43	40	38	36	36
Human resources	18	16	17	17	18	16	17	15	14	14
Labor relations <sup>C</sup>	2	2	2	2	3	3				
Risk Management	6	6	6	6	6	6	6	6	7	7
City clerk	20	19	19	17	17	16	16	14	14	14
Procurement	10	9	9	9	10	10	9	9	9	8
City attorney	24	22	22	22	22	22	20	19	19	19
Economic Development and Cultural Arts:										
Real Estate, Housing and Comm. Development <sup>E</sup>								13	13	13
Economic development	9	8	8	7	7	6	5	0	0	0
Building <sup>A</sup>	56	63	63	71	79	79	79	72	66	73
Planning	26	26	26	28	29	29	26	26	25	25
Tourism & cultural development	11	12	13	14	13	12	11	11	11	11
Bass museum	9	8	8	8	8	8	8	8	8	8
Operations:										
Neighborhood services <sup>D</sup>	68	63	63	65	67	60	56			
Community Services								4	4	4
Code compliance								42	30	41
Parks & recreation <sup>B</sup>	231	186	187	195	205	198	195	182	156	173
Public works	32	35	37	34	33	39	48	45	41	41
Sanitation	123	103	114	148	179	177	187	187	187	179
Property management	66	65	66	71	71	69	66	54	24	50
Capital improvement projects	24	24	27	31	31	31	32	35	35	37
Parking	109	106	108	111	116	120	118	117	83	116
Sewer	43	40	41	42	42	41	38	33	35	35
Stormwater	22	23	23	25	25	26	25	25	23	21
Water	72	71	69	69	69	63	59	54	56	52
Fleet management	28	25	24	24	24	23	21	21	21	20
Public safety:										
Police - Officers	366	382	385	386	403	396	381	370	370	370
Police - Civilians	155	146	153	164	166	148	149	140	138	138
Fire - Officers	205	205	207	208	207	206	203	200	200	200
Fire - Civilians	18	18	17	23	21	23	27	26	27	27
Ocean rescue <sup>B</sup>		77	68	68	76	76	76	76	56	76
Total	1,887	1,896	1,919	2,013	2,102	2,042	2,007	1,927	1,794	1,894

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

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

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

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

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

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

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

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

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General government:</b>										
Mayor and commission										
Ordinances approved	55	35	40	36	43	46	39	44	43	35
Resolutions approved	328	268	268	322	296	251	308	274	245	230
City manager										
Responses to resident inquiries/complaints	680	650	650	612	692	540	575	545	553	549
Better Place Requests Open and Closed	N/A	10	12	23	21	15	4	10	N/A	42
Budget and performance improvement										
Audits performed	367	317	258	254	266	242	272	263	233	235
Grants awarded	\$ 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	\$ 2,869,671
Finance										
Utility customer accounts	10,000	10,500	10,500	10,500	10,059	10,043	10,044	10,057	10,061	10,062
Licenses issued	6,500	6,600	6,500	7,330	8,000	7,541	8,650	7,748	7,718	6,592
Lien statements	3,300	3,150	3,400	3,850	3,942	2,415	2,658	4,076	6,600	6,326
Annual resort tax accounts	1,300	1,352	1,375	1,127	1,119	1,054	1,066	1,050	1,067	1,066
Citizen Support Center	N/A	69	75	93	116	68	12	48	2	4
Human resources										
Employees	1,834	1,845	1,900	1,879	1,870	1,926	1,902	1,869	1,837	1,824
Hires	260	364	328	363	314	195	188	206	146	154
Building										
Building and trade permits processed/issued	20,128	19,093	17,940	18,348	13,943	11,904	11,361	11,039	12,523	13,272
Certificates	788	726	780	622	736	337	383	411	342	417
Tourism & cultural development										
Film & print and special events permits	1,566	1,700	1,583	1,280	1,563	1,232	966	1,023	1,215	1,225
Bass Museum Visitors	22,000	50,000	36,749	19,211	25,210	30,071	26,414	29,642	26,477	36,708
Theater Events (Byron/Colony)	299	240	149	255	380	267	225	223	218	222
<b>Operations:</b>										
Parking										
Residential Parking Permits	24,377	25,471	26,161	26,837	26,437	28,131	11,557	11,830	12,357	13,720
Municipal Parking Permits	42,392	41,108	42,234	47,722	48,964	48,660	41,651	53,502	42,152	44,418
Total Vehicle Entries - Garages	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	2,582,466
Citizen Support Center	N/A	245	284	260	435	218	N/A	N/A	133	110
Parks & recreation										
Summer Camp	2,819	2,114	2,241	2,515	2,587	2,317	2,758	2,398	2,538	2,561
After and Play School Participants	3,371	2,650	2,410	2,400	882	2,810	2,680	3,217	3,501	3,276
Athletics	1,018	940	1,020	1,253	1,442	2,835	2,656	2,079	2,251	2,042
Pool Attendance	65,437	66,000	79,135	119,800	161,176	145,337	141,524	160,456	157,227	138,005
Golf course patrons <sup>A</sup>	30,655	37,152	42,923	44,252	44,078	42,850	66,358	73,447	80,782	71,528
Public Works-Engineering/Water/Sewer/Streets										
Right-of-Way permits issued	890	1,100	900	N/A	1,092	899	935	868	855	822
Cleaning and inspection of sewer lines	710,000	100,000	800,000	1,217,202	1,182,000	703,294	778,937	N/A	964,703	824,212
Storm sewers cleaned	140,000	140,000	140,000	233,000	88,000	59,000	78,279	N/A	1,253	97,425
Deteriorated storm sewers replaced	275	275	200	80	15	640	N/A	N/A	125	47
New-metered service taps and installations	700	600	550	196	113	400	207	N/A	70	62
Roads and alleys repaved (linear feet)	16,000	8,000	12,000	7,000	11,100	36,000	N/A	N/A	3,600	7,200
Sidewalk replaced (square feet)	30,000	40,000	30,000	38,000	63,000	44,000	46,889	N/A	3,525	2,927
Citizen Support Center	N/A	3,049	2,626	1,854	1,787	2,732	2,908	2,636	1,261	541
Sanitation										
Residential Waste (tons per month)	18,500	19,650	15,970	15,708	15,500	14,882	13,354	12,980	12,172	10,233
Litter Cans	1,316	2,000	2,050	2,095	2,335	2,335	2,735	2,735	2,735	2,735
Mechanized Sweeping (miles per day)	4	11	15	15	15	15	20	20	20	20
Mobile Sweeping (miles per day)	156	156	156	156	156	156	156	156	156	156
Fleet Management										
Fuel consumed - diesel and unleaded (gallons)	802,306	810,000	825,000	777,827	820,913	866,571	890,529	903,675	900,211	858,767
Preventive maintenance jobs	2,642	2,868	2,876	2,699	2,932	2,911	3,160	3,053	3,181	3,174
Police										
Total number of arrests	9,684	10,290	10,185	12,887	14,954	13,804	13,338	10,801	9,588	9,890
Traffic Violations	25,742	44,174	45,524	58,615	52,976	49,389	44,521	39,586	49,561	48,344
Citizen Support Center	N/A	50	67	143	96	67	73	28	64	42
Fire										
Emergency responses	13,406	13,000	14,700	13,532	16,794	22,640	25,015	20,356	21,429	22,263
Existing building inspections	N/A	N/A	N/A	N/A	N/A	2,292	978	1,500	1,107	773
Night club inspections	N/A	N/A	N/A	N/A	N/A	3,184	2,769	3,198	3,718	1,957
Site inspections	N/A	N/A	N/A	N/A	N/A	4,932	4,953	3,672	5,187	7,369
On duty inspections	N/A	N/A	N/A	N/A	N/A	1,984	1,856	1,793	1,478	187
Ocean rescue - victims rescued	895	900	281	313	680	506	579	645	747	531
Ocean rescue prevention	159,280	160,000	280,104	365,103	447,251	455,757	349,882	320,858	257,862	250,310
Citizen Support Center	N/A	144	189	182	149	137	115	50	91	78

N/A - Information not available.

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

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

<sup>B</sup> 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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	3	4	4	4	4	4	4	4	4	4
Patrol vehicles	415	440	440	440	440	440	440	486	486	530
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	1,006	1,006	1,009	1,009	1,009	1,009	1,009	1,009	1,009
Fire lines	708	710	712	717	717	717	717	717	717	717
Meters	12,300	12,350	12,424	12,460	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	5,000	6,000	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	152	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	5,810	5,817	5,850	5,900	6,000	6,200	6,200	6,893	6,893	6,893
Street lights cable (miles)	251	252	260	265	265	265	265	263	263	263
Parking										
Parking Lots & Garages	66	68	68	68	68	68	70	75	76	76
Parking Spaces	8,451	8,496	8,496	8,333	8,300	8,404	8,404	8,404	8,424	8,592
Parks and recreation										
Recreational open space (acres)	727	727	727	727	727	727	727	727	727	727
Playground tot-lots	14	14	14	14	15	15	19	15	19	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	7	7
Basketball court sites	9	9	9	15	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	3	3	4	3	4	4
Parks - passive and staffed	28	28	37	25	26	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	65	67	67	84	93	98	98	97	98	N/A
Sanitation										
Sweepers	12	16	17	21	13	9	9	6	6	6
Front end loader	1	1	1	2	3	3	3			
Trucks, Vans, and other vehicles	22	31	32	60	81	74	83	79	84	90
Pressure washers		5	8	10	11	9	9	9	7	7
Transit-minibuses	10	10	10	4	4	4	4			

**Source:** Various City of Miami Beach departments.

