



CITY OF MIAMI



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED:
SEPTEMBER 30TH, 2006

COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of Miami, Florida
For the Year Ended September 30, 2006

Prepared by the Finance Department

City of Miami, Florida

Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2006

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INTRODUCTORY SECTION

PRINCIPAL CITY OFFICIALS

LETTER OF TRANSMITTAL

CERTIFICATE OF ACHIEVEMENT

ORGANIZATIONAL CHART



City of Miami, Florida Principal City Officials

September 30, 2006

MAYOR

Manuel A. Diaz

CITY COMMISSION

Angel González, Chairman

Joe M. Sanchez, Vice – Chairman

Thomás P. Regalado, Commissioner

Marc Sarnoff, Commissioner

Michelle Spence-Jones, Commissioner

CITY MANAGER

Pedro G. Hernandez

CITY ATTORNEY

Jorge L. Fernandez

City of Miami



PEDRO G. HERNANDEZ, P.E.
City Manager

April 2, 2007

The Honorable Mayor,
Members of the City of Miami Commission,
and Citizens of the City of Miami, Florida

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of Miami, Florida (the "City") for the fiscal year ended September 30, 2006, is hereby submitted. This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal control has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Rachlin Cohen and Holtz LLP partnering with Harvey, Branker & Associates, Rodriguez, Trueba & Co., CPA, P.A., and Susan M. Garcia, P.A., all of which are firms of licensed certified public accountants, has audited the City's basic financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City, for the fiscal year ended September 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended September 30, 2006, were presented fairly in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally and state mandated “Single Audit” designed to meet special needs of federal and state grantor agencies. 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 internal control and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards.

GAAP requires that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors. The remainder of this letter provides an overview of the City government as well as local economic conditions and prospects for the future.

PROFILE OF THE GOVERNMENT

The City of Miami, Florida (the “City”), in the County of Miami-Dade, was incorporated in 1896, and has a population of approximately 362,000, according to the 2004 Census Bureau estimates. The City is situated at the mouth of the Miami River on the western shores of Biscayne Bay and is a main port of entry into Florida and is the county seat of Miami-Dade County, Florida. The City comprises 34.3 square miles of land and 19.5 square miles of water.

The City Charter was adopted by the electors of the City of Miami at an election held May 17, 1921 and legalized and validated by Chapter 9024 of the laws of the State of Florida of 1921. During fiscal year 1997, the residents of the City voted on a referendum that created single-member districts and an Executive Mayor form of government. The City continues to operate under the Commission/City Manager form of government and provides the following services: police and fire protection, public works activities, solid waste collection, parks and recreational facilities, planning and development, community development, financial services and general administrative services.

The Florida Legislature, in 1955, approved and submitted to a general election, a constitutional amendment designed to give a new form of government to Miami-Dade County, Florida (the “County”). The County is, in effect, a municipality with governmental powers affecting thirty cities and unincorporated areas, including the City. The County has not displaced nor replaced the cities’ powers, but supplements them. The County can take over particular activities of the City’s operations if (1) the services fall below minimum standards set by the County Commission, or (2) with the consent of the governing body of the City. Accordingly, the County’s financial statements are not included in this report.

The accompanying financial statements include those of the City (the primary government) and those of its component units. Component units are legally separate organizations for which the primary government is financially accountable or organizations which should be included in

the City's financial statements because of the nature and significance of their relationship with the primary government.

The decision to include a potential component unit in the City's reporting entity is based on the criteria stated in GASB Statement No. 14 - *The Financial Reporting Entity*, which includes the ability to appoint a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the City.

Based upon the application of the criteria in GASB Statement No. 14, the financial statements of the component units listed below have been included in the City's reporting entity as either blended or discretely presented component units.

BLENDDED	DISCRETELY PRESENTED
Southeast Overtown Park West CRA	Miami Sports and Exhibition Authority
OMNI CRA	Downtown Development Authority
Midtown CRA	Department of Off-Street Parking
Virginia Key Beach Park Trust	Bayfront Management Trust
Model City Revitalization District Trust	Health Facility Authority
Neighborhood Improvement Districts	Civilian Investigative Panel

Blended component units, although legally separate entities, are, in substance, part of the City's operations. Accordingly, data from these component units are included with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize that they are legally separate from the City. The financial activities and balances for each blended and discretely presented component unit are as of and for the period ended September 30, 2006.

The annual budget serves as the foundation for the City's financial planning and control. All departments and component units of the City are required to submit requests for appropriation to the City's Budget Department. Prior to August 31st, the City Manager submits to the City Commission a proposed operating budget by fund, except for the General Fund which is at the departmental level, for the fiscal year commencing the upcoming October 1st. The Mayor shall prepare and deliver a budgetary address annually to the people of the City between July 1st and September 30th. Such report shall be prepared after consultation with the City Manager. The City Commission is required to hold public hearings on the proposed budget and to adopt the final budget no later than September 30th, the close of the City's fiscal year. The budget is legally enacted through the passage of an ordinance and adoption of the budget report. Management may not make changes to the adopted budget without the approval of a majority vote of the City Commission. The City Commission may transfer among departments any part of an unencumbered balance of an appropriation to a purpose for which an appropriation for the current year has proved insufficient. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and is subject to future appropriations. Budgets are monitored at varying levels of classification detail; however, budgetary control is legally maintained at the fund level except for the General Fund,

which is maintained at the departmental level. Budget-to-actual comparisons are provided in this report for each major individual governmental fund for which an appropriated annual budget has been adopted. For all non-major governmental funds with appropriated annual budgets, this comparison is presented in the combining and individual fund section of this report, which starts on page 88.

ECONOMIC CONDITION AND OUTLOOK

The City's diversified economic base is comprised of wholesale and retail trade, light manufacturing, commerce, and tourism. The City has made great gains in the areas of international banking, business, real estate and trans-shipment, which has diversified the economic base. Located in the center of a hemispheric market of more than 700 million people, and easily accessible to South and Central America, the Caribbean, Europe and Africa, Miami's strategic location and international commerce infrastructure make it the ideal location for international trade. As a result of expanding economies in several Latin American countries, international trade has been growing at double-digit rates in the Miami area.

Airport. In 2006, the Miami International Airport served nearly 32 million passengers, with nearly half of those being international passengers. It has flights to nearly 200 cities on five continents with 90 scheduled and 32 non-scheduled carriers. The Miami International Airport also shipped 3.9 billion pounds of domestic and international cargo during the year.

Sea Port. In 2006, the Port of Miami handled 8.7 million tons of cargo and over 3.6 million cruise passengers. Long considered the Cruise Capital of the World, boasting more home-ported cruise ships than any other seaport, the Port of Miami received another distinction in November 1999. It became the year-round home of Royal Caribbean International's 3,600-passenger *Voyager of the Seas*, the largest cruise liner ever built at that time. The Port of Miami is also the base for Royal Caribbean's newest ship, the 3,800 passenger "Regency of the Seas".

Arenas. The American Airlines arena, home of the Miami Heat basketball team, is one of the premier facilities that ushered in the City's Millennium celebration. The Miami Arena serves as a venue for concerts, and special events.

Private Development. The City continues to experience strong growth in the area of private development. New private development construction covers the City's sky-line, with over \$3.2 billion in projects currently under construction and over \$3.2 billion in projects recently completed. Major projects planned and under construction include 18,970 residential units, 1,636 hotel rooms, 2.1 million square feet of office space and 2.6 million square feet of retail. The majority of the residential units currently planned or under construction are located in downtown Miami, furthering the City's goal to transform its central business district to a 24 by 7 activity center.

Public/Private Development Ventures. The City will continue to focus efforts on its waterfront properties. Projects such as the Dinner Key Marina, Virginia Key Beach and Bicentennial Park are major projects which fit prominently into the City's long-term economic growth and financial well being. A major change has begun on Watson Island with the planning for the Island Gardens Development, which will contain two hotels, retail spaces and a mega-yacht marina.

LONG-TERM FINANCIAL PLANNING

In order to meet the service demands of residents and visitors, the City continues to address the long-term financing necessary in order to fund the capital projects essential to the creation, improvement, enhancement and preservation of public facilities and infrastructure.

The City's fiscal year 2006-2007 five year Capital Improvement Plan, covering the period from October 1, 2006 through September 30, 2012, has earmarked funding estimated at \$800.5 million for 490 projects throughout the City. Streets and sidewalks projects account for the largest portion of the total Capital Plan funding at \$256.2 million or 32.0%. Parks and recreation projects are the second largest, accounting for \$162.1 million, or 20.2%, and Public Facilities projects are the third largest accounting for \$108.3 million, or 13.5%, of the total Capital Plan.

City bonds represent the largest share of funding for the Capital Plan, accounting for 45.5% of the value. Capital project revenues (impact fees, storm water utilities, optional gas tax, etc) account for 30.5%, funding derived from Miami-Dade County accounts for 14.9% and the remaining 9.1% of funding is from Federal, State and other private donations.

RELAVENT FINANCIAL POLICIES

Debt Management - The City operates within an established formal debt management policy, which applies to all new issuances of debt and all outstanding debt issues. The City continues to obtain, in an efficient and innovative manner, long-term financing for the construction or acquisitions of various long-term assets. The policy's objective is to adequately plan and meet the City's comprehensive construction demands for essential capital improvements and equipment, and, at the same time, ensure that the residents of the City are not overburdened with general obligation long-term debt payable from ad valorem taxes.

Cash Management Policies and Practices - In order to achieve maximum financial return on all available funds, the Finance Department pursues an aggressive cash management and investment program within the constraints imposed by Florida Statutes and local policies adopted by resolution by the City Commission. The City operates within established formal investment policies, which applies to all investments of public funds. Idle cash balances are invested on a daily basis at the best interest rates available in the markets. Investments consist primarily of United States treasury and agency securities, and commercial paper. For purposes of maximizing the interest earning yield on short-term investments, cash balances of all funds are pooled. The primary objective of the City's policy is preservation of capital. It is the City's

policy not to invest in highly leveraged derivatives. Investment income reported in these financial statements includes the adjustment to the fair value of the investments. Increases or decreases in fair value during the current year, however, do not necessarily represent trends that will continue, nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

Risk Management - The City administers a self-insurance program for workers' compensation, tort liability, property, and group health and life insurance programs, subject to certain stop-loss provisions. The health and life insurance programs are administered by an independent administrator. The City funds the program on an annual payout basis. Insurance coverage is maintained with independent carriers for property damage to City facilities. The City maintains excess coverage with independent carriers for workers' compensation and general liability.

MAJOR INITIATIVES

With the improvement in the financial condition of the City, the emphasis has been to restore, maintain and beautify urban and residential infrastructure through a program of major renovations and improvements to City parks, streets, sidewalks and drainage systems. Additionally, Miami 21 – the comprehensive master plan for the City of Miami – has made great strides since its launch in May of 2006. Miami 21 takes a holistic approach to land use and urban planning, broadening the scope of a traditional master plan to become a truly comprehensive plan. Miami 21 will provide a clear vision for the City that will be supported by specific guidelines and regulations so that future generations will reap the benefits of well-balanced neighborhoods and rich quality of life. While the external improvements are critical to promote further economic development, the City has successfully implemented a City-wide Enterprise Resource Planning system (Oracle) calling the project “iMiAMi” in order to address the technology needs internally within the administration.

CERTIFICATE OF ACHIEVEMENT

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 of Miami, Florida for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2005. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. The attainment of this award represents a significant accomplishment by a government and its financial management.

In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR, whose contents conform to established program standards. Such comprehensive reports must satisfy both generally accepted accounting principles and applicable legal requirements. To earn a Certificate of Achievement, a government must demonstrate constructive spirit of full disclosure to clearly communicate its financial story while enhancing the understanding of the logic underlying the traditional governmental financial reporting model.

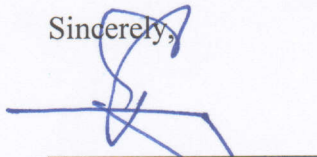
The City's 2005 Comprehensive Annual Financial Report has been evaluated by an impartial Special Review Committee composed of other government officers, independent certified public accountants, educators and others with particular expertise in government accounting and financial reporting. A Certificate of Achievement is valid for a period of one year only. We believe that the 2006 Comprehensive Annual Financial Report continues to conform to the high standards of the Certificate of Achievement Program and we are submitting it to the GFOA for consideration.

ACKNOWLEDGEMENTS

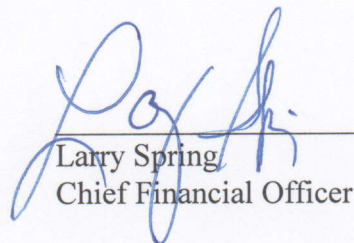
The Comprehensive Annual Financial Report's preparation was made possible through the efficient, dedicated and professional efforts of the entire staff in the Finance Department. The significant amount of year-end closing procedures required prior to the audit, could not have been accomplished without much hard work and personal sacrifice. Each member of the department has our sincere appreciation for the contributions made to assist in the in-house preparation of this report.

The guidance and cooperation of the Mayor and City Commission in planning and conducting the financial affairs of the City is greatly appreciated. We also wish to express our appreciation to our Certified Public Accountants, Rachlin Cohen and Holtz LLP in association with Harvey, Branker & Associates, Rodriguez, Trueba & Co., CPA, P.A., and Susan M. Garcia, P.A., for their cooperation and assistance. Lastly we wish to express our appreciation to the City's Office of Communication for the use of the cover photograph and General Services Administration for the reproduction of this report.

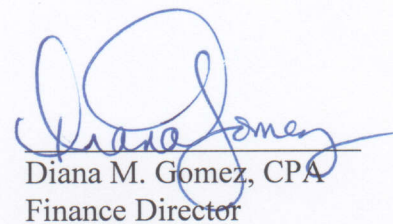
Sincerely,



Pedro G. Hernandez
City Manager



Larry Spring
Chief Financial Officer



Diana M. Gomez, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

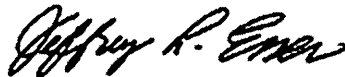
City of Miami
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2005

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.



President

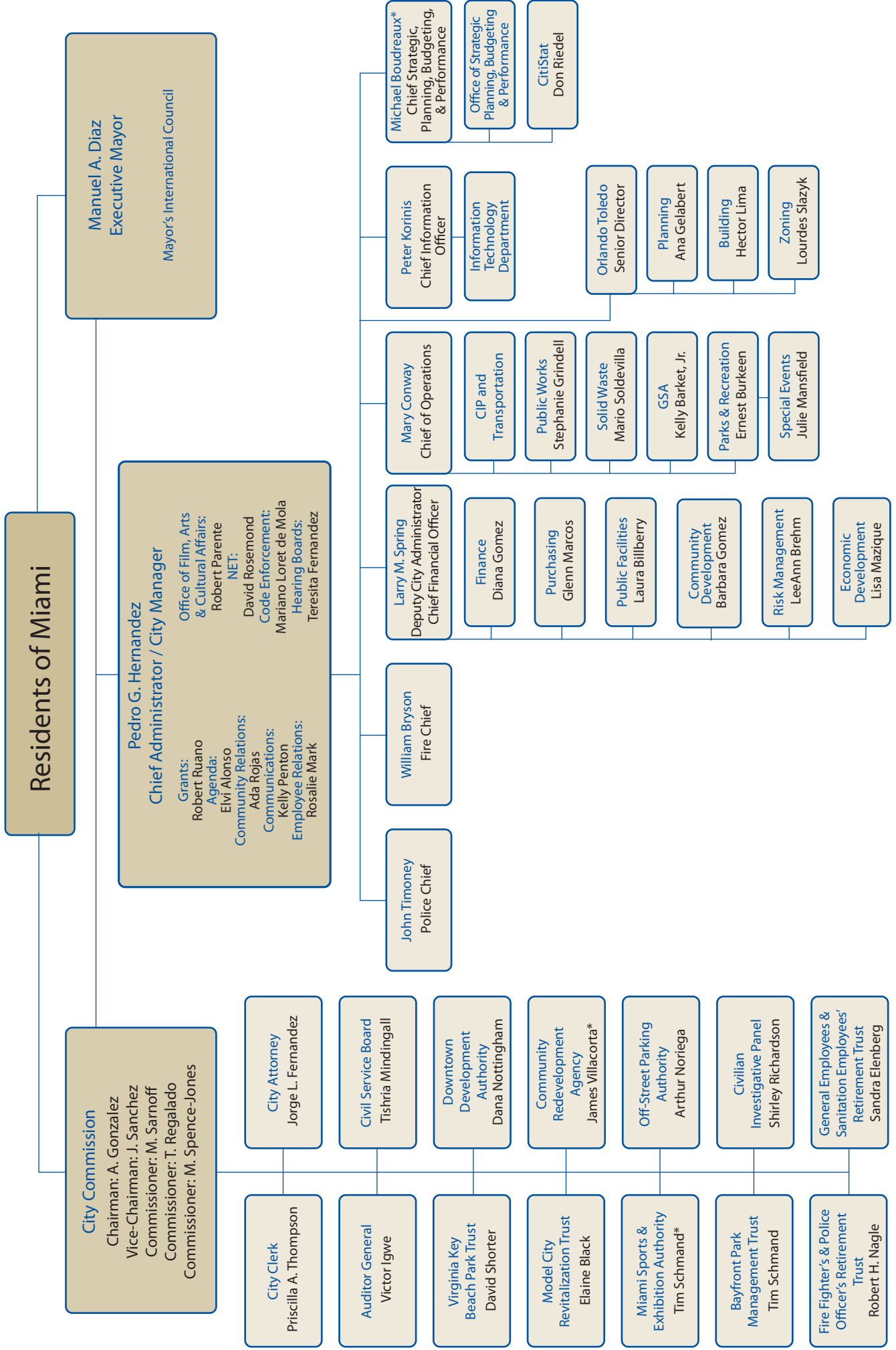


Executive Director



CITY OF MIAMI

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*Acting/Interim



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor, City Commission and City Manager
City of Miami, Florida

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Miami, Florida (the City) as of and for the fiscal year ended September 30, 2006, which, collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Southeast Overtown Park West Redevelopment Agency, the Omni Redevelopment Agency, the Miami Midtown Community Redevelopment Agency, the Gusman and Olympia Special Revenue Fund, the Virginia Key Beach Park Trust, the Model City Community Revitalization District Trust, the Firefighters' and Police Officers' Retirement Trust and the General Employees' and Sanitation Employees' Retirement Trust and Other Managed Trusts, which represent 94% and 80%, respectively, of the assets and revenues of the aggregate remaining fund information. We also did not audit the financial statements of the aggregate discretely presented component units. 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 Southeast Overtown Park West Redevelopment Agency, the Omni Redevelopment Agency, the Miami Midtown Community Redevelopment Agency, the Gusman and Olympia Special Revenue Fund, the Virginia Key Beach Park Trust, the Model City Community Revitalization District Trust, the Firefighters' and Police Officers' Retirement Trust and the General Employees' and Sanitation Employees' Retirement Trust and Other Managed Trusts and the aggregate discretely presented component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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. 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.

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Rachlin Cohen & Holtz LLP

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Honorable Mayor, City Commission and City Manager
City of Miami, Florida
Page Two

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City, as of September 30, 2006, and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 2, 2007 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Management's Discussion and Analysis and the Required Supplementary Information on pages 3 through 12 and pages 77 through 82, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Rachlin Cohen & Holtz LLP

Miami, Florida
April 2, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Miami, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii – ix of this report.

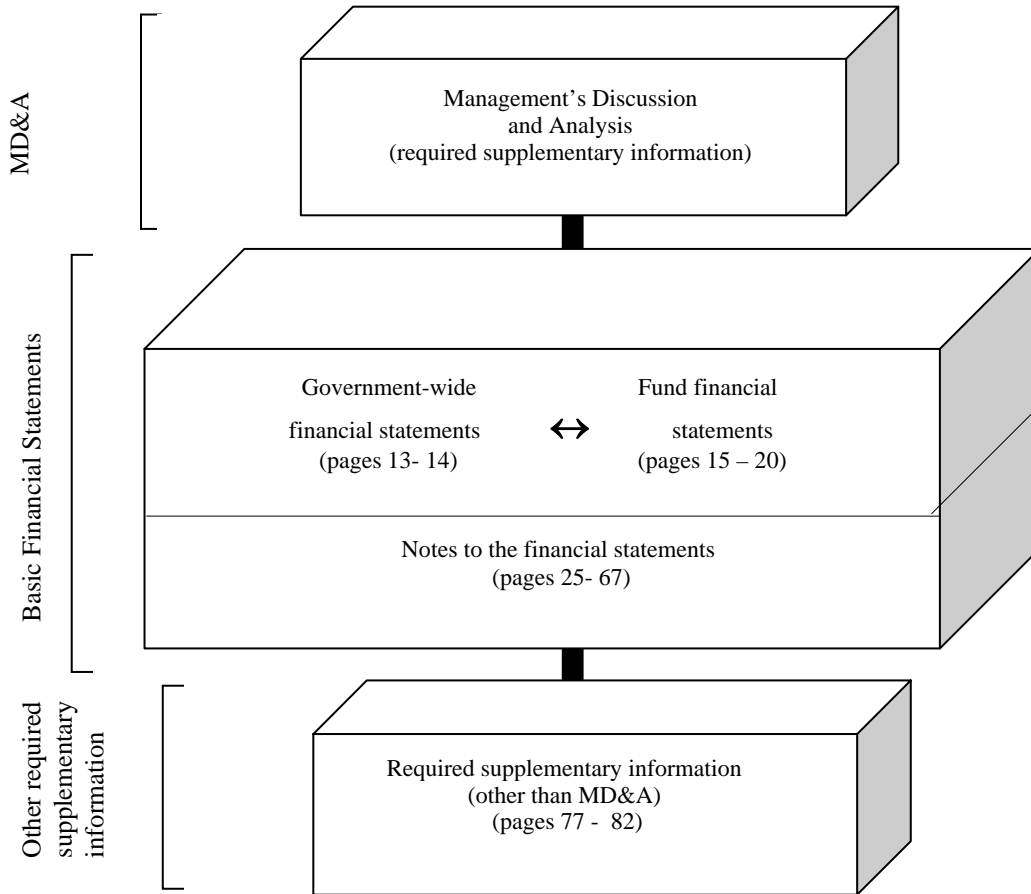
FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$731,756,870 (net assets).
- The governmental activities revenue increased \$70,598,020 (or 11.15%) and the net results from activities increased by \$55,106,600. In 2006 and 2005, the results of activities produced a change in net assets of \$51,180,194 and (\$3,926,406) respectively.
- The General Fund (the primary operating fund) reflected on a current financial resource basis, reflects an increase in fund balance of \$9,151,458 or (7.815%).
- The City's total debt for bonds and loans decreased by \$19,404,914 (or 4.62%) during the current year. No new debt was issued in the current fiscal year.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements are comprised of three 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.

In light of the fact that this is a very different presentation of the City’s general purpose financial statements from previous years, the following graphic is provided for your review.



The focus of the financial statements under the GASB 34 model (originally implemented by the City in 2001/2002) is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City’s accountability.

Government-Wide Financial Statements

The government-wide financial statements (see pages 13– 14) are designed to be corporate-like, in that all governmental activities are presented in columns that add to a total for the Primary Government. The focus of the Statement of Net Assets (the “Unrestricted Net Assets”) is designed to be similar to bottom line results for the City and its governmental activities. This statement reflects the governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. The City does not have any business-type activities for financial reporting purposes.

The Statement of Activities (see page 14) is focused on both the gross and net cost of various functions (including governmental activities and component units), which are supported by the government’s

general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or component units.

Component Units, which are other governmental units over which the City can exercise influence and/or may be obligated to provide financial subsidies, are presented as a separate column in the government-wide financial statements. The focus of the statements is clearly on the Primary Government and the presentation allows the user to address the relative relationship with the Component Units.

The governmental activities reflect the City's basic services, including Police, Fire, Solid Waste Collection, Parks and Cultural Activities, and general administration. Property taxes, other local taxes, and federal grants finance the majority of these activities.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. Their focus is on the City's major funds. The fund financial statements provide more information about the City's most significant funds – not the City as a whole.

The City has two kinds of funds:

Governmental Funds – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation is provided to facilitate the comparison between governmental funds and governmental activities.

The City maintains thirty-four individual governmental funds. Information is presented separately in the governmental fund Balance Sheets and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Community Development Fund, Fire Rescue Services Special Revenue Fund, Public Services Taxes Special Revenue Fund, General Government Capital Projects Fund, and the Streets and Sidewalks Capital Projects Fund, which are considered to be major funds. Data from the other twenty-eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Special Revenue Funds, and Debt Service Funds. Budgetary comparison schedules have been provided for the General Fund and each major Special Revenue Fund that adopts a budget to demonstrate compliance with the budget. Such information is presented as required supplementary information.

The basic governmental fund financial statements can be found on pages 15 – 18 of this report.

Fiduciary Funds – These funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs.

The basic fiduciary fund financial statements can be found on pages 19 – 20 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 – 76 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons and the City's progress in funding its obligations to provide pension benefits to its employees. Required supplementary information can be found on pages 77 – 82 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 88 – 122 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 exceed liabilities by \$731,756,870 at the close of the most recent fiscal year.

The largest portion of the City’s net assets (87.59%) reflects its investment in capital assets (e.g., land buildings, 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 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 (25.81%) represents resources that are subject to external restrictions on how they may be used.

The remaining unrestricted net assets deficit of \$98,069,477 is primarily due to outstanding borrowings of approximately \$68.875 million for which there are no off-setting assets.

The deficit in unrestricted net assets in governmental activities increased by \$16,022,257. This increase was partially attributable to new reporting requirements (GASB 46) which require certain net assets to be reflected as restricted based on enabling legislation. These net assets were shown as unrestricted in the prior year.

The following schedule reflects a summary of net assets compared to the prior year.

Summary of Net Assets as of September 30

	Governmental Activities	
	2006	2005
Current and other assets	\$ 485,677,429	\$ 519,065,501
Capital assets	923,954,326	864,525,081
Total assets	<u>1,409,631,755</u>	<u>1,383,590,582</u>
Other liabilities	78,154,774	86,815,343
Long-term liabilities	599,720,111	616,222,147
Total liabilities	<u>677,874,885</u>	<u>703,037,490</u>
 Net assets:		
Invested in capital assets, net of debt	640,931,069	608,958,407
Restricted	188,895,278	153,641,905
Unrestricted (Deficit)	(98,069,477)	(82,047,220)
Total net assets	<u>\$ 731,756,870</u>	<u>\$ 680,553,092</u>

Governmental Activities – As noted earlier, governmental activities increased the City’s net assets by \$51,180,194. Key elements of this increase are as follows:

	Changes in Net Assets	
	Governmental Activities	
	2006	2005
Revenues:		
Program revenues:		
Charges for services	\$ 196,854,741	\$ 186,023,582
Operating grants and contributions	34,889,443	59,414,862
Capital grants and contributions	72,067,622	38,161,382
General revenues:		
Property taxes	246,474,585	212,009,372
Franchise taxes	41,342,214	35,918,724
State revenue sharing - unrestricted	12,947,019	12,581,352
Sales and other use taxes	25,800,341	23,422,160
Public service taxes	57,991,178	61,114,292
Investment earnings - unrestricted	14,477,950	5,866,114
Loss on disposal of asset	-	(3,387,124)
Other	768,767	1,891,124
Total revenues	<u>703,613,860</u>	<u>633,015,840</u>
Expenses:		
General government	85,315,437	78,336,822
Planning and development	16,911,621	16,259,651
Community development	41,054,245	55,264,647
Community redevelopment areas	6,331,328	4,968,422
Public works	65,958,181	70,987,541
Public safety	347,976,631	325,533,600
Public facilities	14,917,431	12,949,751
Parks and recreation	25,718,056	24,293,055
Interest on long-term debt	21,560,094	22,201,669
Unallocated depreciation	26,690,642	26,147,088
Total expenses	<u>652,433,666</u>	<u>636,942,246</u>
Change in net assets	<u>51,180,194</u>	<u>(3,926,406)</u>
Net Assets - Beginning, as reported	680,553,092	671,501,732
Restatement	23,584	12,977,766
Net Assets - Beginning, as restated	<u>680,576,676</u>	<u>684,479,498</u>
Net Assets - Ending	<u>\$ 731,756,870</u>	<u>\$ 680,553,092</u>

The increase in charges for services in the current year was primarily due to an increase in impact fees and private contributions.

The decrease in operating grants and contributions is primarily the result of a decrease in U.S. Department of Housing and Urban Development grants as well as a decrease in U.S. Department of Agriculture grants in the Parks Department.

The increase in capital grants and contributions is primarily due to an increase in FEMA of approximately \$30 million as a result of Hurricane Wilma, as well as an increase in the Urbanized Area Security Initiative grant of approximately \$6 million.

Property taxes increased by 16.26% (\$34.47 million) during the year. The increase was due to a 23.02% (\$5.05 billion) increase in the net assessed value of taxable property. The City has decreased the overall millage rate for the last six years to the current rate of 9.2645 (Operating: 8.4995, Debt Service: 0.765).

Investment income increased approximately \$8.6 million due to the fact that Federal Reserve increased short term interest rates during fiscal year 2006 by approximately 3.5%. This along with higher cash balances throughout the year produced the increased investment earnings.

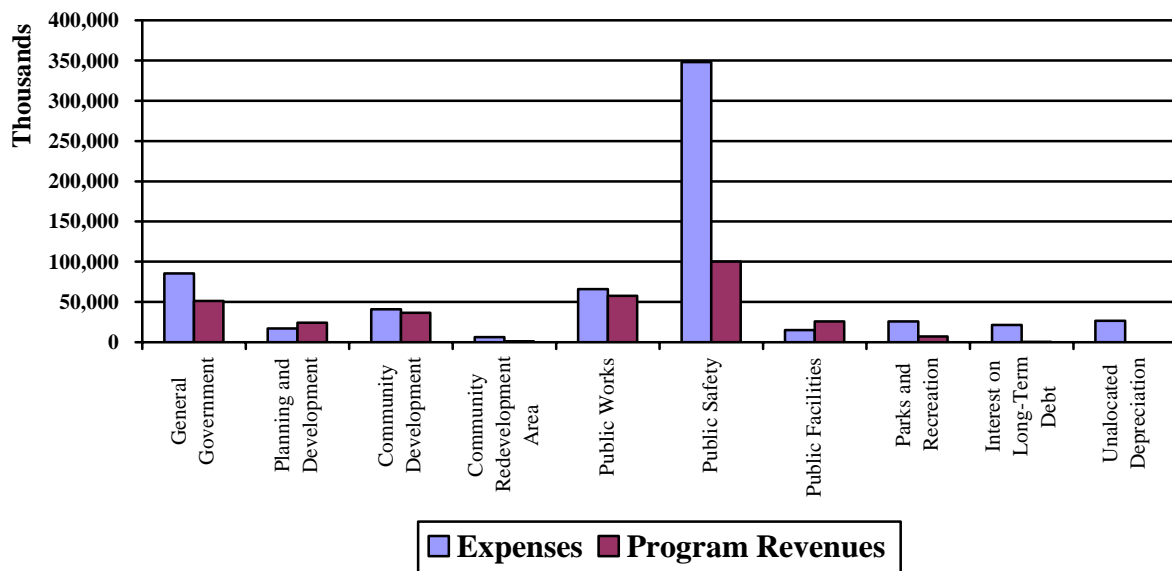
Community development expenses decreased due to a reduction of Community Development Block Grant funds during the current fiscal year.

Public works expenses decreased due to a large amount of departmental vacancies which existed during the year and due to a revised allocation methodology of certain costs in the current year.

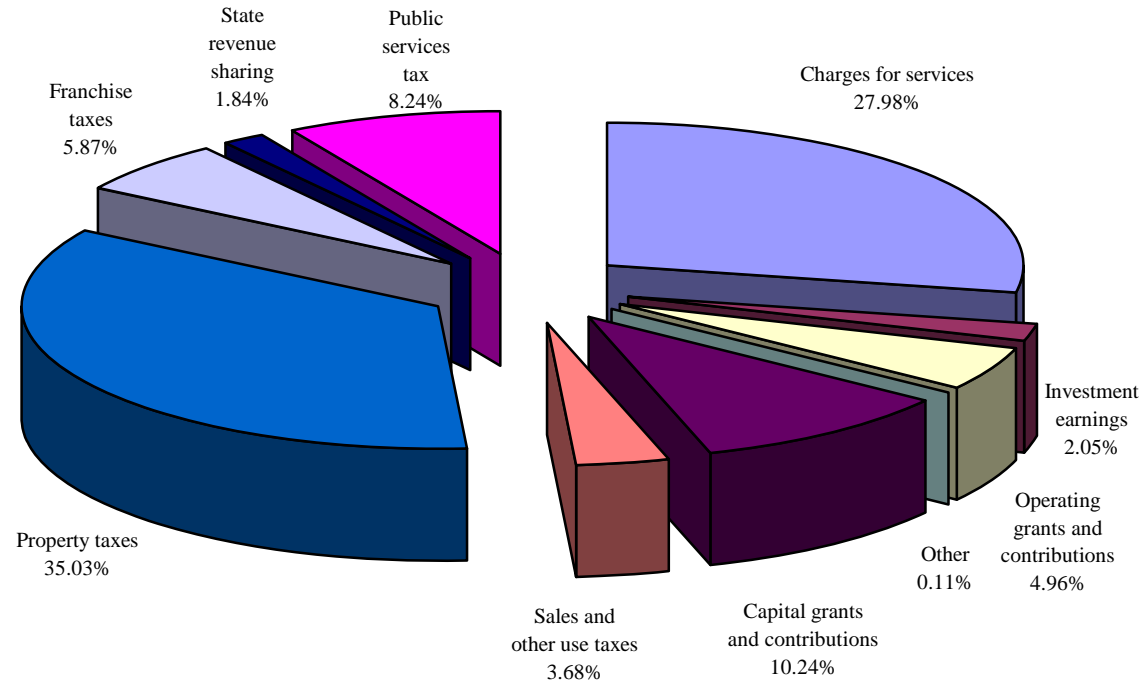
Public safety experienced an increase of \$22.4 million in expenses. The primary reason for the increase was due to additional expenses related to Hurricane Wilma.

The increase in general government, public facilities, and parks and recreation expenses is due to additional expenses related to Hurricane Wilma.

Expenses and Program Revenues - Governmental Activities



REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$125,362,454, while the total fund balance was \$126,256,513. As a measure of the General Fund's liquidity, it may be helpful to compare both unreserved fund balance and total fund balance to the fund's total operational expenditures. Unreserved fund balance represents 25.37% of the total expenditures and transfers-out for recurring operational costs reported in other funds, while total fund balance represents 25.55% of that same total amount.

The General Fund's fund balance increased by \$9,151,458 during the current fiscal year. Key factors in this increase are as follows:

- An increase in taxable property values resulted in an additional \$35,349,270 in property tax revenue.
- Budgeted expenditures and transfers were more than actual amounts resulting in a \$18,291,627 variance.

Financial highlights of the City's other major governmental funds are as follows:

The Community Development Fund had a total fund balance of \$5,724,277. The slight decrease in fund balance during the current year of \$59,734 was attributable to normal program activities.

The Fire Rescue Services Fund had a total fund balance of \$1,481,053. Of this amount, \$1,106,494 is reserved for encumbrances and \$4.6 million is reserved for long-term receivables, thereby creating an unreserved deficit of \$4,225,441.

The Public Services Tax Fund had a total fund balance of \$5,327,547, of which \$4,807,253 is designated for the payment of future settlements.

The General Government Capital Projects Fund had a fund balance of \$48,735,964, of which \$6,092,706 is reserved for encumbrances. The \$6,811,918 decrease in fund balance from the prior year can be attributed to the commencement of various capital projects in the current fiscal year.

The Street and Sidewalks Capital Projects Fund had a fund balance of \$45,266,680, of which \$21,358,733 is reserved for encumbrances. The \$7,444,819 decrease from the prior year can be attributed to the staging of various capital projects to be started in the subsequent fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final General Fund budget was increased by \$20,379,357 from the original budget (an increase of 3.98%). The major components of this increase can be summarized as follows (please see budget to actual comparison on page 76):

- \$940,713 in increases allocated to Public Works
- \$900,000 in increases allocated to Parks and Recreation
- \$10,804,543 in increases allocated to Pensions
- \$8,483,456 in increases in transfers to other funds

A substantial portion of the increases were funded by revenues in excess of the original budget estimates.

The budget for intergovernmental revenues was increased primarily due to recognition of \$11,107,243 received under the provisions of Florida Statutes 175 and 185, to fund a separate non-contributory money purchase benefit plan for the public safety employees of the City.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2006, the City had a total of \$923,954,326, net of accumulated depreciation, invested in a variety of capital assets, as reflected in the following schedule, which represents a net increase (additions less retirements and depreciation) of \$59,429,245 or 6.87% from the end of the prior year.

Capital Assets at Year End (Net of Depreciation)

	Governmental Activities	
	2006	2005
Land	\$ 79,182,702	\$ 75,459,056
Construction-in-Progress	130,405,130	74,729,985
Buildings	71,617,695	75,911,393
Improvements	53,046,346	54,681,235
Machinery and Equipment	63,583,208	58,203,333
Infrastructure	526,119,245	525,540,079
Total	\$ 923,954,326	\$ 864,525,081

* As restated

Major capital asset events during the current fiscal year included the following:

- The City made various land acquisitions totaling approximately \$3.7 million for the development various City parks.
- Construction in progress increased approximately \$55.7 million due to increased construction to improve city-wide infrastructure as a result of the City's 5-year Capital Plan.
- Buildings decrease by approximately \$4.3 million primarily due to the sale of properties of the Model City Trust as well as other city owned properties.
- \$4.03 million was invested in the replacement of various City vehicles, police cars, and fire and rescue apparatus and \$1.6 million was invested in a helicopter for the Police Department.

Additional information on the City's capital assets can be found in Note 1 on page 32 and Note 6 on page 47 in the notes to the financial statements.

Long-term debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$401,402,943. Of this amount, \$218,612,480 comprises debt backed by the full faith and credit of the City; the remainder represents bonds and loans secured solely by specific revenue sources (i.e., revenue bonds).

Outstanding Debt General Obligation Bonds, Special Obligations and Revenue Bonds and Loans

	Governmental Activities	
	2006	2005
General Obligation Bonds	\$ 218,612,480	\$ 227,725,929
Special Obligation Bonds, Revenue Bonds and Loans	182,790,463	193,081,928
Total	<u>\$ 401,402,943</u>	<u>\$ 420,807,857</u>

The City's total debt decreased \$19,404,914 (or 4.62%) during the current fiscal year. The City did not issue any debt during the current fiscal year.

The City maintained its bond rating on its general obligation debt of A+ from Standard & Poor's, an A2 from Moody's and an A- from Fitch Ratings.

Additional information on the City's long-term liabilities can be found in Note 9 on pages 51-58 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when adopting the fiscal year 2007 budget. Included among these factors were uncertainties regarding the fire assessment fee, pension costs, and health insurance costs, and various economic indicators.

Per the U.S. Department of Labor, the unemployment rate for South Florida is currently 3.4%, which is a decrease of 27.65% from a year ago. This rate is higher than the State's average unemployment rate of 3.3% and lower than the national average rate of 4.6%. The region's inflation rate of 6.1% is significantly higher than the national indices of 3.3%.

FINANCIAL CONTACT

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If users have questions about the report or need additional financial information, they should contact Diana M. Gomez, Director of the City of Miami's Finance Department, 444 Southwest 2nd Avenue, 6th Floor Finance, Miami, Florida 33130, or visit the City's web site at www.miamigov.com.

City of Miami, Florida
Statement of Net Assets
September 30, 2006

	Governmental Activities	Component Units
Assets		
Cash, Cash Equivalents and Investments	\$ 384,303,753	\$ 35,104,694
Receivables - Net	82,970,742	411,575
Accrued Interest	2,036,580	833,853
Prepays	1,020,616	154,023
Other Assets	-	1,673,437
Restricted Assets:		
Cash, Cash Equivalents and Investments	11,921,247	36,435,089
Capital Assets:		
Non-depreciable	209,587,832	17,526,391
Depreciable - Net	714,366,494	24,996,974
Deferred Charges - Bond Issuance Costs	3,424,491	-
Total Assets	1,409,631,755	117,136,036
Liabilities		
Accounts Payable and Accrued Liabilities	49,647,882	3,629,373
Due to Other Governments	2,418,716	1,876,282
Unearned Revenue	17,586,038	669,365
Deposits	4,227,349	282,519
Accrued Interest Payable	4,274,789	1,014,055
Non-Current Liabilities		
Due Within One Year:		
Bonds and Loans Payable	20,087,276	890,000
Capital Lease	640,219	-
Compensated Absences	5,244,540	292,762
Claims Liability	16,326,219	-
Due In More Than One Year:		
Bonds and Loans Payable	381,315,667	51,760,703
Capital Lease	658,722	-
Compensated Absences	65,514,559	402,615
Claims Liability	106,349,894	-
Net Pension Obligation	3,583,015	-
Total Liabilities	677,874,885	60,817,674
Net Assets		
Invested in Capital Assets - Net of Related Debt	640,931,069	27,418,342
Restricted for:		
Capital Projects	153,940,557	2,629,212
Debt Service	6,235,818	992,580
Law Enforcement	1,591,666	-
Community Redevelopment	17,052,619	-
Transportation and Transit	6,358,668	-
E-911	3,715,950	-
Unrestricted (Deficit)	(98,069,477)	25,278,228
Total Net Assets	\$ 731,756,870	\$ 56,318,362

The accompanying notes are an integral part of the financial statements.

City of Miami, Florida
Statement of Activities
For the Year Ended September 30, 2006

Functions/Programs Activities:	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Units
Primary Government:						
Governmental Activities:						
General Government	\$ 85,315,437	\$ 51,161,759	\$ -	\$ 90,476	\$ (34,063,202)	\$ -
Planning and Development	16,911,621	22,799,725	-	1,626,139	7,514,243	-
Community Development	41,054,245	4,053,520	32,367,428	-	(4,633,297)	-
Community Redevelopment Areas	6,331,328	214,142	1,000,000	-	(5,117,186)	-
Public Works	65,958,181	51,888,525	-	5,537,765	(8,531,891)	-
Public Safety	347,976,631	39,193,653	65,827	60,811,843	(247,905,308)	-
Public Facilities	14,917,431	25,137,318	-	543,104	10,762,991	-
Parks and Recreation	25,718,056	2,406,099	1,156,188	3,458,295	(18,697,474)	-
Interest on Long-Term Debt	21,560,094	-	300,000	-	(21,260,094)	-
Unallocated Depreciation	26,690,642	-	-	-	(26,690,642)	-
Total primary government	\$ 652,433,666	\$ 196,854,741	\$ 34,889,443	\$ 72,067,622	(348,621,860)	-
Component Units:						
Miami Sports Exhibition Authority	\$ 107,827	\$ 49,812	\$ -	\$ -	\$ -	\$ (58,015)
Department of Off-Street Parking	16,923,308	16,024,374	-	167,515	-	(731,419)
Downtown Development Authority	2,952,825	-	-	1,808	-	(2,951,017)
Bayfront Park	3,564,888	3,432,848	1,114,171	-	-	982,131
Civilian Investigative Panel	1,022,918	-	1,022,918	-	-	-
Total component units	\$ 24,571,766	\$ 19,507,034	\$ 2,137,089	\$ 169,323	\$ -	\$ (2,758,320)

General Revenues:

Taxes:		
Property taxes, levied for general purposes	226,508,118	3,304,017
Property taxes, levied for debt service	19,966,467	-
Franchise Taxes	41,342,214	-
State revenue sharing - Unrestricted	12,947,019	-
Sales and Other Use Taxes	25,800,341	-
Public Service Taxes	57,991,178	-
Investment Earnings - Unrestricted	14,477,950	2,254,092
Other	768,767	1,060,631
Total General Revenues	399,802,054	6,618,740
Change in Net Assets	51,180,194	3,860,420
Net assets - Beginning, as restated	680,576,676	52,457,942
Net assets - Ending	\$ 731,756,870	\$ 56,318,362

The accompanying notes are an integral part of the financial statements.

City of Miami, Florida
Balance Sheet
Governmental Funds
September 30, 2006

	General	Community Development	Fire Rescue Services	Public Services Tax	General Government	Street & Sidewalks	Other Governmental Funds	Total Governmental Funds
Assets								
Cash, Cash Equivalents and Investments	\$ 116,057,628	\$ 10,506,418	\$ -	\$ -	\$ 51,327,369	\$ 48,385,701	\$ 158,026,637	\$ 384,303,753
Restricted Cash and Investments	54,707	930	-	-	-	-	11,865,610	11,921,247
Receivables								
(Net of Allowances for Uncollectibles):								
Accounts	15,422,526	714,137	3,593	5,422	-	477,319	1,473,810	18,096,807
Taxes	10,479,152	-	-	-	-	-	1,095,497	11,574,649
Special Assessments	-	263,966	-	-	-	-	15,339	279,305
Due from Other Funds	23,747,601	-	-	-	-	-	-	23,747,601
Due from Other Governments	-	4,144,369	24,907,995	8,193,418	-	3,506,315	10,167,884	50,919,981
Accrued Interest	1,226,633	27,005	1,868	-	119,429	196,555	465,090	2,036,580
Prepays	894,059	-	-	-	-	-	126,557	1,020,616
Total Assets	\$ 167,882,306	\$ 15,656,825	\$ 24,913,456	\$ 8,198,840	\$ 51,446,798	\$ 52,565,890	\$ 183,236,424	\$ 503,900,539
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable and Accrued Liabilities	\$ 19,767,580	\$ 3,773,361	\$ 5,976,234	\$ -	\$ 2,699,926	\$ 7,299,210	\$ 10,131,571	\$ 49,647,882
Due to Other Funds	-	-	14,631,938	2,871,293	-	-	6,244,370	23,747,601
Due to Other Governments	2,301,552	-	-	-	-	-	117,164	2,418,716
Deferred Revenue	7,372,642	263,966	-	-	-	-	857,448	8,494,056
Unearned Revenue	8,332,357	5,853,952	2,728,945	-	10,908	-	659,876	17,586,038
Deposits	3,851,662	41,269	95,286	-	-	-	239,132	4,227,349
Total Liabilities	41,625,793	9,932,548	23,432,403	2,871,293	2,710,834	7,299,210	18,249,561	106,121,642
Fund Balances:								
Reserved for:								
Encumbrances	-	-	1,106,494	-	6,092,706	21,358,733	54,641,435	83,199,368
Debt Service	-	-	-	-	-	-	8,213,252	8,213,252
Law Enforcement	-	-	-	-	-	-	430,740	430,740
Long-term Receivables	-	-	4,600,000	-	-	-	-	4,600,000
Prepaid Items	894,059	-	-	-	-	-	126,557	1,020,616
Unreserved, Designated for, Reported in:								
Subsequent Years Expenditures	13,036,297	-	-	-	-	-	25,368,956	38,405,253
Future Settlements	-	-	-	4,807,253	-	-	-	4,807,253
Strategic Initiatives	1,648,710	-	-	-	-	-	-	1,648,710
Management Initiatives	68,987,100	-	-	-	-	-	-	68,987,100
Unreserved, Undesignated Reported in:								
General Fund	41,690,347	-	-	-	-	-	-	41,690,347
Special Revenue Funds	-	5,724,277	(4,225,441)	520,294	-	-	11,738,755	13,757,885
Capital Projects Funds	-	-	-	-	42,643,258	23,907,947	64,467,168	131,018,373
Total Fund Balances	126,256,513	5,724,277	1,481,053	5,327,547	48,735,964	45,266,680	164,986,863	397,778,897
Total Liabilities and Fund Balances	\$ 167,882,306	\$ 15,656,825	\$ 24,913,456	\$ 8,198,840	\$ 51,446,798	\$ 52,565,890	\$ 183,236,424	\$ 503,900,539

The accompanying notes are an integral part of the financial statements.

City of Miami, Florida
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
September 30, 2006

Fund Balances - Total Governmental Funds \$ 397,778,897

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 governmental funds.

Governmental Capital Assets	\$ 1,652,039,057	
Less: Accumulated Depreciation	<u>(728,084,731)</u>	923,954,326

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		8,494,056
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Receivables that do not provide current financial resources are not reported in the governmental funds		2,100,000
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Unamortized bond issuance costs are not available to pay for current period expenditures and therefore are not reported in the governmental funds.		3,424,491
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds and Loans Payable	(401,402,943)	
Capital Lease	(1,298,941)	
Compensated Absences	(70,759,099)	
Claims Liability	(122,676,113)	
Net Pension Obligation	(3,583,015)	
Accrued Interest Payable	<u>(4,274,789)</u>	<u>(603,994,900)</u>

Net Assets of Governmental Activities		<u><u>\$ 731,756,870</u></u>
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The accompanying notes are an integral part of the financial statements.

City of Miami, Florida
Statement of Revenues, Expenditures, and Changes In Fund Balances
Governmental Funds
For The Year Ended September 30, 2006

	General	Community Development	Fire Rescue Services	Public Services Tax	General Government	Street & Sidewalks	Other Governmental Funds	Total Governmental Funds
Revenues								
Property Taxes	\$ 214,329,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,008,076	\$ 246,337,333
Franchise and Other Taxes	41,342,214	-	-	56,900,497	-	-	1,011	98,243,722
Licenses and Permits	28,468,593	-	-	-	-	-	-	28,468,593
Fines and Forfeitures	5,175,457	-	-	-	-	-	736,843	5,912,300
Intergovernmental Revenues	53,266,529	31,446,915	52,074,360	-	90,476	5,835,521	31,360,502	174,074,303
Charges for Services	91,980,596	2,398,106	3,581,860	-	-	-	8,721,889	106,682,451
Interest	11,144,320	920,512	49,813	-	1,195,141	1,611,783	4,057,635	18,979,204
Impact Fees	-	-	-	-	2,272,199	7,115,993	-	9,388,192
Other	5,563,166	1,391,448	167,949	-	162,742	-	8,091,378	15,376,683
Total Revenues	451,270,132	36,156,981	55,873,982	56,900,497	3,720,558	14,563,297	84,977,334	703,462,781
Expenditures								
Current Operating:								
General Government	38,809,265	-	-	-	-	-	11,186,137	49,995,402
Planning and Development	9,440,759	-	-	-	-	-	3,299,919	12,740,678
Community Development	-	40,978,910	-	-	-	-	-	40,978,910
Community Redevelopment Areas	-	-	-	-	-	-	5,982,541	5,982,541
Public Works	50,573,908	-	-	-	-	-	6,000	50,579,908
Public Safety	187,938,096	-	57,790,784	-	-	-	6,185,730	251,914,610
Public Facilities	7,355,457	-	-	-	-	-	4,440,231	11,795,688
Parks and Recreation	15,111,916	-	-	-	-	-	2,784,331	17,896,247
Risk Management	25,546,486	-	-	-	-	-	-	25,546,486
Pensions	78,864,757	-	-	-	-	-	-	78,864,757
Organizational Support	25,161,646	-	-	-	-	-	-	25,161,646
Non-Departmental	13,204,324	-	-	-	-	-	-	13,204,324
Debt Service:								
Principal	-	-	-	-	-	-	19,218,795	19,218,795
Interest and Other Charges	-	-	-	-	-	-	21,650,889	21,650,889
Capital Outlay	-	-	-	-	22,942,327	38,280,345	42,671,516	103,894,188
Total Expenditures	452,006,614	40,978,910	57,790,784	-	22,942,327	38,280,345	117,426,089	729,425,069
Excess (Deficiency) of Revenues Over Expenditures	(736,482)	(4,821,929)	(1,916,802)	56,900,497	(19,221,769)	(23,717,048)	(32,448,755)	(25,962,288)
Other Financing Sources (Uses)								
Transfers In	52,097,226	7,097,380	6,182,696	-	48,011,372	38,719,998	77,592,067	229,700,739
Transfers Out	(42,209,286)	(2,336,185)	(3,459,802)	(62,736,184)	(35,601,521)	(22,447,769)	(60,909,992)	(229,700,739)
Sale of Property	-	-	-	-	-	-	889,969	889,969
Loan	-	1,000	-	-	-	-	-	1,000
Total Other Financing Sources (Uses)	9,887,940	4,762,195	2,722,894	(62,736,184)	12,409,851	16,272,229	17,572,044	890,969
Net Changes in Fund Balances	9,151,458	(59,734)	806,092	(5,835,687)	(6,811,918)	(7,444,819)	(14,876,711)	(25,071,319)
Fund Balances - Beginning, as restated	117,105,055	5,784,011	674,961	11,163,234	55,547,882	52,711,499	179,863,574	422,850,216
Fund Balances - Ending	\$ 126,256,513	\$ 5,724,277	\$ 1,481,053	\$ 5,327,547	\$ 48,735,964	\$ 45,266,680	\$ 164,986,863	\$ 397,778,897

The accompanying notes are an integral part of the financial statements.

City of Miami, 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, 2006

Net Changes in Fund Balances - Total Governmental Funds \$ (25,071,319)

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

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes and Charges for Services 416,556

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is depreciated over their estimated useful lives.

Expenditures for Capital Assets	\$ 106,987,717	
Less: Current Year Depreciation	<u>(46,401,389)</u>	
		60,586,328

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (1,157,083)

Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, where as these amounts are deferred and amortized in the Statement of Activities.

Loan	(1,000)	
Principal Paid on Bonds and Loans	19,218,795	
Principal Paid on Capital Lease	622,236	
Amortization of Issuance Costs, Premiums, Discounts, and Accretion	<u>(75,164)</u>	19,764,867

Some items 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.

Compensated Absences	1,654,890	
Claims Liability	(4,862,382)	
Net Pension Obligation	(317,622)	
Accrued Interest Payable	<u>165,959</u>	<u>(3,359,155)</u>

Change in Net Assets of Governmental Activities \$ 51,180,194

The accompanying notes are an integral part of the financial statements.

City of Miami, Florida
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2006

	Employee Retirement Funds
Assets	
Cash and Short-Term Investments	\$ 35,125,430
Accounts Receivable	11,303,060
Capital Assets	5,090,491
	51,518,981
Investments, at fair value	
U.S. Government Obligations	275,290,252
Corporate Bonds	266,284,592
Corporate Stocks	1,345,559,708
Money Market Funds and Commercial Paper	18,682,635
Mutual Funds	108,525,278
Real Estate	44,270,329
Private Equity	1,420,880
Total Investments	2,060,033,674
Securities Lending Collateral	233,737,250
Total Assets	2,345,289,905
Liabilities	
Obligations Under Security Lending	233,737,250
Accounts Payable	1,060,105
Accrued Liabilities	38,379,232
Payable for Securities Purchased	14,408,595
Total Liabilities	287,585,182
Net Assets	
Held in Trust for Pension Benefits	\$ 2,057,704,723

The accompanying notes are an integral part of the financial statements.

City of Miami, Florida
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended September 30, 2006

	Employee Retirement Funds
Additions	
Contributions:	
Employer	\$ 74,232,371
Plan Members	15,767,966
Total Contributions	90,000,337
Investment Earnings:	
Net Increase in Fair	
Value of Investments	131,822,370
Interest	27,781,682
Dividends	20,745,344
Other Income, net	1,055,415
Total Investment Earnings	181,404,811
Less Investment Expenses	8,034,561
Net Investment Earnings	173,370,250
Reimbursement Income from City	2,457,025
Total Additions	265,827,612
Deductions	
Benefits	118,487,385
Refunds upon Resignation, Death, etc.	2,349,174
Distribution to Retirees	11,760,063
Administrative and Other Expenses	2,350,144
Total Deductions	134,946,766
Change in Net Assets	130,880,846
Net Assets - Beginning of Year, as restated	1,926,823,877
Net Assets - End of Year	\$ 2,057,704,723

The accompanying notes are an integral part of the financial statements.

City of Miami, Florida
Statement of Net Assets
Discretely Presented Component Units
September 30, 2006

	Miami Sports and Exhibition Authority	Department of Off-Street Parking	Downtown Development Authority	Bayfront Park	Civilian Investigative Panel	Total
Assets						
Cash, Cash Equivalents and Investments	\$ 19,124,111	\$ 6,746,851	\$ 3,765,397	\$ 5,166,621	\$ 301,714	\$ 35,104,694
Receivables (Net)						
Accounts	1,870	381,010	-	11,461	-	394,341
Taxes	-	-	17,234	-	-	17,234
Accrued Interest	26,798	807,055	-	-	-	833,853
Prepays	7,794	57,490	46,016	15,911	26,812	154,023
Other Assets	-	1,673,437	-	-	-	1,673,437
Restricted Assets:						
Cash, Cash Equivalents and Investments	-	36,301,339	-	133,750	-	36,435,089
Capital Assets:						
Non-depreciable	-	16,856,743	-	669,648	-	17,526,391
Depreciable, Net	-	21,613,647	284,767	3,098,560	-	24,996,974
Total Assets	<u>19,160,573</u>	<u>84,437,572</u>	<u>4,113,414</u>	<u>9,095,951</u>	<u>328,526</u>	<u>117,136,036</u>
Liabilities						
Accounts Payable and Accrued Liabilities	370	3,227,963	63,589	311,518	25,933	3,629,373
Due to Other Governments	-	1,545,426	28,263	-	302,593	1,876,282
Unearned Revenue	2,500	631,254	6,753	28,858	-	669,365
Deposits	-	87,590	-	194,929	-	282,519
Accrued Interest Payable	-	1,014,055	-	-	-	1,014,055
Non-Current Liabilities						
Due Within One Year:						
Bonds and Loans Payable	-	890,000	-	-	-	890,000
Compensated Absences	-	160,000	132,762	-	-	292,762
Due In More Than One Year:						
Bonds and Loans Payable	-	51,760,703	-	-	-	51,760,703
Compensated Absences	-	367,536	35,079	-	-	402,615
Total Liabilities	<u>2,870</u>	<u>59,684,527</u>	<u>266,446</u>	<u>535,305</u>	<u>328,526</u>	<u>60,817,674</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	-	23,365,367	284,767	3,768,208	-	27,418,342
Restricted for:						
Capital Projects	2,629,212	-	-	-	-	2,629,212
Debt Service	-	992,580	-	-	-	992,580
Unrestricted	16,528,491	395,098	3,562,201	4,792,438	-	25,278,228
Total Net Assets	<u>\$ 19,157,703</u>	<u>\$ 24,753,045</u>	<u>\$ 3,846,968</u>	<u>\$ 8,560,646</u>	<u>\$ -</u>	<u>\$ 56,318,362</u>

The accompanying notes are an integral part of the financial statements.

City of Miami, Florida
Statement of Activities
Discretely Presented Component Units
For the Year Ended September 30, 2006

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Miami Sports				
Exhibition Authority				
Culture and Recreation	\$ 107,827	\$ 49,812	\$ -	\$ -
Total Miami Sports Exhibition Authority	<u>107,827</u>	<u>49,812</u>	<u>-</u>	<u>-</u>
Department				
of Off-Street Parking				
Transportation	16,923,308	16,024,374	-	167,515
Total Department of Off-Street Parking	<u>16,923,308</u>	<u>16,024,374</u>	<u>-</u>	<u>167,515</u>
Downtown				
Development Authority				
Economic Development	2,952,825	-	-	1,808
Total Downtown Development Authority	<u>2,952,825</u>	<u>-</u>	<u>-</u>	<u>1,808</u>
Bayfront Park				
Parks and Recreation	3,564,888	3,432,848	1,114,171	-
Total Bayfront Park	<u>3,564,888</u>	<u>3,432,848</u>	<u>1,114,171</u>	<u>-</u>
Civilian Investigative Panel				
General Government	1,022,918	-	1,022,918	-
Total Civilian Investigative Panel	<u>1,022,918</u>	<u>-</u>	<u>1,022,918</u>	<u>-</u>
Total Component Units	<u>\$ 24,571,766</u>	<u>\$ 19,507,034</u>	<u>\$ 2,137,089</u>	<u>\$ 169,323</u>

General Revenues:

Taxes:
 Property taxes, levied for general purposes
Investment Earnings
Other
 Total General Revenues
 Change in Net Assets
Net assets - Beginning, as restated
Net assets - Ending

The accompanying notes are an integral part of the financial statements.

**Net (Expense) Revenue and
Changes in Net Assets**

Miami Sports and Exhibition Authority	Department of Off-Street Parking	Downtown Development Authority	Bayfront Park	Civilian Investigative Panel	Totals
\$ (58,015)	\$ -	\$ -	\$ -	\$ -	\$ (58,015)
(58,015)	-	-	-	-	(58,015)
-	(731,419)	-	-	-	(731,419)
-	(731,419)	-	-	-	(731,419)
-	-	(2,951,017)	-	-	(2,951,017)
-	-	(2,951,017)	-	-	(2,951,017)
-	-	-	982,131	-	982,131
-	-	-	982,131	-	982,131
-	-	-	-	-	-
-	-	-	-	-	-
(58,015)	(731,419)	(2,951,017)	982,131	-	(2,758,320)
-	-	3,304,017	-	-	3,304,017
757,947	1,209,820	70,174	216,151	-	2,254,092
-	1,021,135	-	39,496	-	1,060,631
757,947	2,230,955	3,374,191	255,647	-	6,618,740
699,932	1,499,536	423,174	1,237,778	-	3,860,420
18,457,771	23,253,509	3,423,794	7,322,868	-	52,457,942
\$ 19,157,703	\$ 24,753,045	\$ 3,846,968	\$ 8,560,646	\$ -	\$ 56,318,362

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CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

NOTE 1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States 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. The more significant of these accounting policies are described below.

A. Reporting Entity

The City of Miami, Florida (the “City”), in the County of Miami-Dade, was incorporated in 1896, and has a population of approximately 362,470. The City is situated at the mouth of the Miami River on the western shores of Biscayne Bay and is a main port of entry into Florida and is the county seat of Miami-Dade County, Florida. The City comprises 34.3 square miles of land and 19.5 square miles of water.

The City Charter was adopted by the electors of the City of Miami at an election held on May 17, 1921 and was legalized and validated by Chapter 9024 of the laws of the State of Florida of 1921. During fiscal year 1997, the residents of the City voted on a referendum that created single-member districts and an Executive Mayor form of government. The City continues to operate under the Commission/City Manager form of government and provides the following services: police and fire protection, public works activities, solid waste collection, parks and recreational facilities, planning and development, community development, financial services and general administrative services.

The Florida Legislature, in 1955, approved and submitted to a general election, a constitutional amendment designed to give a new form of government to Miami-Dade County, Florida (the “County”). The County is, in effect, a municipality with governmental powers affecting thirty cities and unincorporated areas, including the City. The County has not displaced nor replaced the cities’ powers, but supplements them. The County can take over particular activities of the City’s operations if (1) the services fall below minimum standards set by the County Commission, or (2) with the consent of the governing body of the City. Accordingly, the County’s financial statements are not included in this report.

The accompanying financial statements include those of the City (the primary government) and those of its component units. Component units are legally separate organizations for which the primary government is financially accountable or organizations which should be included in the City’s financial statements because of the nature and significance of their relationship with the primary government.

The decision to include a potential component unit in the City’s reporting entity is based on the criteria stated in GASB Statement No. 14 - *The Financial Reporting Entity*, which includes the ability to appoint a voting majority of an organization’s governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the City.

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Based upon the application of the criteria in GASB Statement No. 14, the financial statements of the component units listed on the following pages have been included in the City's reporting entity as either blended or discretely presented component units.

Blended component units, although legally separate entities, are, in substance, part of the City's operations. Accordingly, data from these component units are included with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize that they are legally separate from the City. The financial activities and balances for each blended and discretely presented component unit are as of and for the period ended September 30, 2006.

Blended Component Units

SOUTHEAST OVERTOWN PARK WEST REDEVELOPMENT AGENCY ("SEOPW")-SEOPW is an Agency established by the City in 1983 under the authority of Section 163.330, Florida Statutes and City Resolution No. 82-755. The purpose of the Agency is to eliminate blight and slum conditions within the redevelopment area of the agency pursuant to the redevelopment plans of the Agency for new residential and commercial activity of the Southeast Overtown Park West area. The City has entered into an interlocal agreement with Miami-Dade County approving the deposit of tax increments into the Redevelopment Trust Fund. The members of the City Commission are also the Board of Directors of the SEOPW. The City has issued debt for the SEOPW and is responsible under the interlocal agreement for disbursement, accountability, management and proper application of all monies paid into the Trust. The funds of the SEOPW included within the reporting entity are special revenue fund (SEOPW CRA), a debt service fund (CRA - Other Special Obligation), and a capital projects fund (Community Redevelopment Agency).

OMNI REDEVELOPMENT AGENCY ("ORA")-ORA is an Agency established by the City in 1986 under the authority of Section 163.330, Florida Statutes and City Resolution No. 86-868. The purpose of the Agency is to eliminate blight and slum conditions within the redevelopment area of the agency pursuant to the redevelopment plans of the Agency for new residential and commercial activity of the Omni area. The City has entered into an interlocal agreement with Miami-Dade County approving the deposit of tax increments into the Redevelopment Trust Fund. The members of the City Commission are the Board of Directors of the ORA. The City is also responsible under the interlocal agreement for disbursement, accountability, management and proper application of all monies paid into the Trust. The ORA is included within the reporting entity as a special revenue fund (Omni CRA).

MIDTOWN REDEVELOPMENT AGENCY ("MRA")-MRA is an Agency established by the City in 2005 under the provisions of Section 163.330, Florida Statutes. The purpose of the Agency is to eliminate blight and slum conditions within the redevelopment area of the agency pursuant to the redevelopment plans of the Agency for new residential and commercial activity of the Midtown area. The MRA entered into an interlocal agreement with the City, Miami-Dade County and the Midtown Community Development District whereby tax increments would be deposited into the Redevelopment Trust Fund. The members of the City Commission are the Board of Directors of the MRA. The City is also responsible under the interlocal agreement for disbursement, accountability, management and proper application of all monies paid into the Trust. The MRA is included within the reporting entity as a special revenue fund (Midtown CRA).

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

VIRGINIA KEY BEACH PARK TRUST (“VKBPT”) – On December 14, 2000 (and effective January 2001), via sections 38-230 through 38-242 of Chapter 38 of the Code of the City of Miami Ordinance 12003, the VKBPT was established and acts as a limited agency and instrumentality of the City of Miami. Its general purposes, in cooperation with City of Miami, are to preserve, restore, and maintain the Historic Virginia Key Beach Park in a manner consistent with environmental health, historical importance of the Park and the aspirations of the African American Community; make it accessible to the general public; propose policy, planning, and design to ensure maximum community utilization and enjoyment. The City Commission must approve VKBPT’s board membership and operating budget. Therefore, the City is financially accountable and is presenting VKBPT in the reporting entity as a special revenue fund.

MODEL CITY COMMUNITY REVITALIZATION DISTRICT TRUST (“Model City”) – On July 10, 2001, via section 2-892 of Chapter 2 of the Code of the City of Miami ordinance 12082, Model City was established and acts as a limited agency and instrumentality of the City and provides services entirely or almost entirely to the primary government. Model City, in cooperation with the Department of Community Development and other City departments, is responsible for oversight and facilitating the City’s revitalization efforts for the redevelopment of the Model City Community Revitalization District in a manner consistent with the strategy identified in the Five Year Consolidated Plan, adopted by the City Commission in August, 1999. The City Commission must approve Model City’s board membership and operating budget. Therefore, the City is financially accountable and is presenting Model City in the reporting entity as a special revenue fund.

NEIGHBORHOOD IMPROVEMENT DISTRICTS – There are four neighborhood improvement districts. All four districts were inactive during fiscal year 2006.

Discretely Presented Component Units

MIAMI SPORTS AND EXHIBITION AUTHORITY (“MSEA”) – The MSEA was created by the City in 1983 pursuant to Chapter 212.0305, Florida Statutes and City Ordinance No. 9662 to promote the development of sports, convention and exhibition facilities within the City and attracting professional sports franchises and exhibitions to utilize the City’s and/or Authorities facilities. The City Commission must approve MSEA’s board membership and operating budget. Therefore, the City is financially accountable and is discretely presenting the MSEA in the accompanying financial statements.

DOWNTOWN DEVELOPMENT AUTHORITY (“DDA”) – The DDA was created by the City in 1965 pursuant to Chapter 65-1090 of the General Laws of Florida and City Code Section 14-25. The DDA is governed by a board appointed by the City Commission and was established for the purpose of furthering the development of the Downtown Miami area. The City Commission must approve the DDA's operating budget and the millage levied on the special taxing district established to fund the DDA. Therefore, the City is financially accountable and is discretely presenting the DDA in the accompanying financial statements.

DEPARTMENT OF OFF-STREET PARKING (“DOSPP”) – The DOSPP was originally created in 1955 by a special act of the Florida State Legislature and subsequently incorporated into the City's Charter in 1968. The DOSPP is an agency and instrumentality of the City which owns and operates parking facilities within the City. The City Commission has reserved the right to confirm new members of the Off-Street

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Parking Board, to establish and fix rates and charges for parking services, to approve the DOSP operating budget and to authorize the issuance of revenue bonds. Therefore, the City is financially accountable and is discretely presenting the DOSP in the accompanying financial statements.

BAYFRONT PARK MANAGEMENT TRUST (“BFP”) –The BFP was established by the City in 1987 under the authority of City of Miami Resolution No. 10348. The BFP was created for the purpose of managing and operating the events held at Bayfront and Bicentennial Park and the daily maintenance and upkeep of the grounds, its various amenities including the amphitheater and the Mildred and Claude Pepper Fountain. The governing body of the BFP consists of nine appointed members serving initial terms of one to three years. Upon expiration of an initial term, each successor member may be appointed by the City Commission for terms of one to three years. The BFP has appointed an executive director to act as the chief executive officer, subject to policy directives. The BFP prepares and submits an annual budget request and master plan to the City Commission for its approval for each fiscal year. Therefore, the City is financially accountable and is discretely presenting the BFP in the accompanying financial statements.

HEALTH FACILITY AUTHORITY (“HFA”) – The HFA is an agency established by the City in 1979 under the authority of Chapter 154, Florida Statutes and City Resolution No. 79-93 to serve as a conduit to issue revenue bonds. The City Commission must approve the HFA’s board membership and operating budget. Therefore, the City is financially accountable and is discretely presenting the HFA in the accompanying financial statements. Debt obligations issued under the purview of the HFA do not constitute an indebtedness, liability or pledge of the faith or credit of the HFA or the City. The aggregate amount of conduit debt obligations totaled \$132,430,000 at September 30, 2006. The HFA does not issue stand-alone audited financial statements. The HFA was inactive during fiscal year 2006.

The City of Miami Health Facilities Authority conduit debt outstanding as of September 30, 2006 is as follows:

	<u>Mercy Hospital</u>	<u>Miami Jewish Home</u>	<u>Total</u>
Series 1998A	\$ 16,430,000	\$ -	\$ 16,430,000
Series 1994A	40,400,000	-	40,400,000
Series 2002	35,000,000	-	35,000,000
Series 2003	15,510,000	-	15,510,000
Series 2005	-	25,090,000	25,090,000
Total	<u>\$ 107,340,000</u>	<u>\$ 25,090,000</u>	<u>\$ 132,430,000</u>

Proceeds from these bond issues were used to finance construction of buildings and parking facilities; land acquisitions; equipment purchases- including beds and other medical apparatus; renovation of existing facilities; and engineering costs.

CIVILIAN INVESTIGATIVE PANEL (“CIP”) – The CIP was established by the City of Miami Commission Ordinance Number 12188 on February 14, 2002 for the purpose of creating an independent citizen’s oversight panel to conduct investigations related to allegations of police misconduct, review policies of the police department, and forward complaints alleging criminal activity to relevant agencies. The CIP consists of thirteen members who were originally appointed as follows: a) the Miami City Commission selects and appoints nine members, b) the Mayor selects three members whose names are ratified and appointed by the City Commission, and c) the Chief of Police of the City of Miami appoints one member, who serves at the will of the Chief of Police. The CIP prepares and submits an annual

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

budget request to the City Commission for its approval for each fiscal year and is funded by the City of Miami. Therefore, the City is financially accountable and is discretely presenting the CIP in the accompanying financial statements.

Complete financial information of the individual component units may be obtained at the entity's respective administrative offices as follows:

SEOPW / ORA/ MRA 49 NW 5 th Street, Suite 100 Miami, Florida 33128	MSEA c/o BFP 301 N. Biscayne Blvd. Miami, Florida 33132-2226	BFP 301 N. Biscayne Blvd. Miami, Florida 33132-2226
VKBPT 4020 Virginia Beach Drive Miami, Florida 33149	DDA 200 South Biscayne Blvd. Suite 2929 Miami, Florida 33131	CIP 155 South Miami Ave Penthouse 1-B Miami, FL 33130-1609
Model City 4800 NW 12 th Avenue Miami, Florida 33142	DOSP 190 NE 3 rd Street Miami, Florida 33132	

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the City and its component units. The primary government is reported separately from the legally separate component units. The Statement of Net Assets presents the financial position of the City and its component units at the end of its fiscal year. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balances/net assets, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and it is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The City maintains the minimum number of funds consistent

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, aggregated and presented in a single column. The City maintains fiduciary funds which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the statements or on the page following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The City reports the following major governmental funds.

General Fund – The General Fund is the general operating fund of the City. General tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs not paid through other funds are paid from this fund.

Community Development Fund – This Special Revenue Fund accounts for the proceeds from the Federal government under the U. S. Department of Housing and Urban Development.

Fire Rescue Services – This Special Revenue Fund accounts for the proceeds of an excise tax that is restricted to expenditures which supplement the City's emergency Fire Rescue operations. Additionally, this fund accounts for grants and FEMA reimbursements related to disasters.

Public Services Tax Fund – This Special Revenue Fund accounts for the utility service tax levied on purchases of public services.

General Government Fund – This Capital Projects Fund accounts for capital expenditures made for general government operations.

Streets and Sidewalks – This Capital Projects Fund accounts for capital expenditures made for streets, sidewalks, and other traffic related projects.

Additionally, the City reports the following fund types:

Pension Trust Funds - The pension trust funds account for the City of Miami Fire Fighters' and Police Officers' Retirement Trust ("FIPO"), the City of Miami General Employees' and Sanitation Employees' Retirement Trust ("GESE") and Other Managed Trusts, and the Elected Officers' Retirement Trust ("EORT"). The pension trust funds accumulate resources for pension benefit payments.

D. Measurement Focus and the 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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF MIAMI, FLORIDA
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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 enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Revenues resulting from expenditure driven transactions such as certain grants are considered collectible at the time the expenditure has been made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims are recorded only when payment is due.

Property taxes, sales tax, franchise and utility taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

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.

E. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The City has defined "cash and cash equivalents" to include cash on hand, demand deposits, and cash with fiscal agents. Each fund's equity in the City's investment pool is considered to be a cash equivalent since the funds can be deposited or effectively withdrawn at any time without prior notice or penalty.

All investments, including those of the Pension Trust Funds, are stated at fair value, which is based on quoted market price.

Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds".

Receivables

Receivables include amounts due from other governments and others for services provided by the City. Receivables are recorded and revenues are recognized as earned or specific program expenditures are incurred. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of receivables.

CITY OF MIAMI, FLORIDA
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Prepays

Prepaid items consist of certain costs which have been paid prior to the end of the fiscal year, but represent items which are applicable to future accounting periods. Reported amounts in governmental funds are equally offset by a reservation of fund balance, in the fund financial statements, which indicates that these amounts do not constitute “available spendable resources” even though they are a component of current assets.

Inventory

There are no inventory values presented in the balance sheets of the respective governmental funds of the City. Purchases of inventorable items are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

Restricted Assets

Certain proceeds from bonds and loans, as well as resources for debt service payments, are classified as restricted assets because their use is limited by applicable bond covenants and restrictions.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure (e.g. roads, sidewalks, drainage and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of the donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, equipment and infrastructure of the City, and its component units, are depreciated using the straight-line method over the following estimated useful lives.

<u>Asset</u>	<u>Years</u>
Buildings	20 - 50
Improvements other than buildings	10 - 30
Machinery and equipment	3 - 15
Vehicles (including heavy equipment)	3 - 10
Infrastructure	15 - 50

Deferred Charges

Deferred charges in the government-wide financial statements represent the unamortized portion of the cost of issuance of bonds. These costs are being amortized over the term of the respective bond issue.

CITY OF MIAMI, FLORIDA
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Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave, which will be paid upon separation from service. The liability for such accumulated leave is reflected in the government-wide financial statements as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for compensated absences includes salary related payments, where applicable.

Long-Term Obligations

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

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

Net Assets

Equity in the government-wide statement of net assets is displayed in three categories: 1) invested in capital assets, net of related debt, 2) restricted, 3) unrestricted. Net assets invested in capital assets net of related debt consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets, excluding unexpended proceeds. Net assets are reported as restricted when there are legal limitations imposed on their use by City legislation or external restrictions by other governments, creditors, or grantors. Unrestricted net assets consist of all net assets that do not meet the definition of either of the other two components.

The government-wide statement of net assets reports \$188,895,278 of restricted net assets, of which \$28,718,903 is restricted by enabling legislation.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of unreserved fund balance in governmental funds indicate the utilization of these resources in the ensuing year's budget or tentative plans for future use. The following is a description of the reserves and designations used by the City.

Reserve for encumbrances – This amount is equal to the outstanding purchase orders for goods and services at year end. The subsequent year's appropriations will be amended to provide the authority to complete the transactions.

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Reserve for debt service – This is the amount of fund equity in the Debt Service Funds, which is set aside for the repayment of outstanding debt.

Reserve for law enforcement – This is the amount of fund equity that is restricted for use for law enforcement activities.

Reserve for long-term receivable – This reserve indicates that certain receivables will not be collected in sufficient time to use the funds to satisfy liabilities of the period. A reserve has been established to indicate that these funds are not “available” for appropriation or expenditures even though they are a component of current assets.

Reserve for prepaid items – This reserve is provided to account for payments made in advance. This reserve indicates the funds are not “available” for appropriation or expenditure even though they are a component of current assets.

Designated for subsequent year’s expenditures – These are amounts that are to be appropriated in the ensuing year’s budget.

Designated for future settlements – These are amounts that are to be appropriated in future years for lawsuits and claims that management has determined are probable and the amount of that loss can be reasonably estimated.

Designated for strategic initiatives – These are amounts that are to be appropriated in future years for those projects that either enhance revenue producing activities or reduce future expenditures.

Designated for management initiatives – These are amounts that are to be appropriated in future years for those specific projects that management has approved and has set aside monies to pay for these items in accordance with the City’s Financial Integrity Ordinance.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from estimates.

NOTE 2. – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Prior Period Adjustments

During fiscal year 2006, VKBPT, a blended component unit of the City, adjusted its opening fund balance by \$23,584 for certain expenditures that had not matured and should not have been reported as a fund liability. As a result, the fund balance of the fund as of October 1, 2005 was restated as follows:

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Fund Balance at September 30, 2005 (as reported):	\$ 519,076
Adjustment to Fund Balance:	
To adjust for long term portion of compensated absences	<u>23,584</u>
Restated Fund Balance at September 30, 2006	<u><u>\$ 542,660</u></u>

As a result of the above prior period adjustment for VKBPT, governmental activities net assets have been restated as follows:

Net Assets at September 30, 2005 (as reported):	\$ 680,553,092
Restatement	<u>23,584</u>
Restated Net Assets at September 30, 2006	<u><u>\$ 680,576,676</u></u>

During fiscal year 2006, BFP, a discretely presented component unit of the City, recorded prior period adjustments to properly reflect capital assets, prepaid expenses and net assets. The adjustment was necessary to record assets not properly capitalized and misclassified as prepaid expenses. The adjustments increased capital assets by \$93,612 and increased net assets by \$38,605.

Net Assets at September 30, 2005 (as reported):	\$ 7,284,263
Adjustment to Net Assets:	
To adjust for assets not properly capitalized and misclassified	<u>38,605</u>
Restated Net Assets at September 30, 2006	<u><u>\$ 7,322,868</u></u>

As a result of the prior period adjustment for BFP, the component unit net assets have been restated as follows:

Net Assets at September 30, 2005 (as reported):	\$52,419,337
Adjustment to Net Assets:	
Restatement	<u>38,605</u>
Restated Net Assets at September 30, 2006	<u><u>\$52,457,942</u></u>

During fiscal year 2006, the City of Miami General Employees' and Sanitation Employees' Retirement Trust restated the net assets held in trust for pension benefits. The City reimburses the Trust for capital asset additions but did not determine until 2006 that the Trust is responsible to maintain these capital assets. The capitalization of costs relating to capital assets is therefore recorded as a restatement to the Trusts beginning of year net assets:

Net Assets Held in Trust for Pension Benefits at September 30, 2005 (as reported):	\$586,689,075
Adjustment to Net Assets:	
To adjust for capitalization of costs relating to capital assets	<u>752,029</u>
Restated Net Assets at September 30, 2006	<u><u>\$587,441,104</u></u>

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Excess of Expenditures over Appropriations

The expenditures of the following General Fund departments exceeded their budgetary authorizations:

<u>Department</u>	<u>Amount</u>
Fire Rescue	\$ 452,982
Elected Officials & Administrators Pension	4,561
Non-Departmental	5,711,301
Other Financing Uses - Transfers Out	5,707,531

In addition, the Fire Rescue Services Special Revenue Fund exceeded its budgetary authorizations by \$34,882,066.

Fund Deficits

The following funds had undesignated deficits in the amounts indicated as of September 30, 2006:

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Fire Services	\$ 4,225,441
Capital Projects:	
Parks and Recreation	20,506,575
Disaster Recovery	2,381,882

These undesignated deficits are the result of encumbrances and other reserves exceeding available fund balances. The City plans to eliminate these deficits in the ensuing fiscal year.

NOTE 3. – DEPOSITS AND INVESTMENTS

Deposits

The City maintains a cash management pool for its cash and cash equivalents in which each fund and/or account or sub-account of a fund participates on a dollar equivalent and daily transaction basis. Interest income (which includes unrealized gains and losses) is distributed monthly based on a monthly average balance. The use of zero balance accounts with daily sweeps allows for the City’s portfolio to be fully invested at all times.

In addition to insurance provided by the Federal Deposit Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Investments

As required by Florida Statutes, the City has adopted a written investment policy, which may, from time to time, be amended by the City Commission. The City Code authorizes the Director of Finance to purchase and invest idle funds prudently in U. S. Treasuries and obligations of agencies of the United States, provided such are guaranteed by the United States or by the issuing agency; general obligations of states, municipalities, school districts, or other political subdivisions, revenue and excise tax bonds of the various municipalities of the State of Florida, provided none of such securities has been in default within five years prior to date of purchase, negotiable certificates of deposit, bankers acceptance drafts, money market investments, the State Board of Administration Investment Pool and prime commercial paper.

The State Board of Administration is part of the Local Government Surplus Funds Trust Fund and is governed by Ch. 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the State of Florida Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. The fair value of the position in the external investment pool is the same as the value of the pool shares. The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission, however, the board has adopted operating procedures consistent with the requirements for a 2a-7 fund. These investments are valued using the pooled share price.

At September 30, 2006, the investments of the primary government, exclusive of the Pension Trust Funds, consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>
United States Treasury Notes	\$ 6,973,470
Federal National Mortgage Association	90,222,087
Federal Home Loan Mortgage Corporation	92,665,574
Federal Farm Credit Bank	83,512,384
Federal Home Loan Bank	62,146,260
Commercial Paper	58,993,820
	<u>\$ 394,513,595</u>

Interest Rate Risk - Interest rate risk is the risk that as market rates change, the fair value of an investment will vary. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rate. The City’s policy limits the maturity of an investment to a maximum of 5 years. As of September 30, 2006, the City of Miami had the following investments with the respective weighted average maturity in years. The respective weighted average maturities were based on the securities call date, not the maturity date.

<u>Investment Type</u>	<u>Weighted Average in Years</u>
United States Treasury Notes	0.67
Federal National Mortgage Association	1.10
Federal Home Loan Mortgage Corporation	0.99
Federal Farm Credit Bank	0.95
Federal Home Loan Bank	0.72
Commercial Paper	0.08

The investments at September 30, 2006 are in compliance with the City’s investment policy.

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Credit Risk - The City’s investment policy (the Policy), minimizes credit risk by restricting authorized investments to the highest ratings of at least one of the nationally recognized statistical rating organizations (NRSROs). Investments in the State Board of Administration and the Local Government Surplus Funds Trust Fund do not have a rating from NRSRO. Commercial paper and bankers acceptances must have the highest letter and numerical rating as provided for by at least one NRSRO. The credit ratings below were consistent among the three major rating agencies (Moody’s, Standard and Poor’s, and Fitch).

The table below summarizes the investments by credit rating at September 30, 2006:

<u>Investment Type</u>	<u>Credit Rating</u>
Federal National Mortgage Association	AAA
Federal Home Loan Mortgage Corporation	AAA
Federal Farm Credit Bank	AAA
Federal Home Loan Bank	AAA
Commercial Paper	A1/P1/F1

Concentration of Credit Risk – The City’s policy establishes limitations on portfolio composition by investment type and by issuer to limit its exposure to concentration of credit risk. The policy provides that a maximum of 20% of the portfolio may be invested in SEC registered money market funds with no more than 10% to any single money market fund. A maximum of 100% of available funds may be invested in the Local Governments Surplus Funds Trust Fund. A maximum of 100% of the total portfolio may be invested in U.S. Government securities and federal instrumentalities, with a limit of 25% invested in any one issuer of federal instrumentalities. A maximum of 35% of the portfolio may be invested in prime commercial paper with a maximum of 10% with any one issuer. A maximum of 10% of the portfolio may be invested in banker’s acceptances with a maximum of 5% with any one issuer.

As of September 30, 2006, the following issuers held 5% or more of the investment portfolio:

<u>Issuer</u>	<u>Percentage</u>
Federal Farm Credit Bank	21%
Federal Home Loan Bank	16%
Federal Home Loan Mortgage Corp.	24%
Federal National Mortgage Association	23%

The above excludes investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds and external investments pools.

City of Miami Firefighters’ and Police Officers Retirement Trust (FIPO)

FIPO’s investment policy is determined by its Board of Trustees and is implemented by investment managers. The policy has been identified by the Board as having the greatest expected investment return, and the resulting positive impact on asset values, funded status and benefits, without exceeding a prudent level of risk. The Trustees are authorized to acquire and retain property, real, personal or mixed and investments specifically including, bonds, debentures and other corporate obligations, and stocks, preferred or common.

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

CITY OF MIAMI, FLORIDA
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sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities. Information about the sensitivity of fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investments by maturity at September 30, 2006:

	<u>U.S. Treasuries</u>	<u>U.S. Agencies</u>	<u>Corporate Bonds</u>	<u>Total</u>
Fair Value (\$000)	\$ 72,475	\$ 123,313	\$ 199,962	\$ 395,750
Investment Maturities:				
Less than 1 year	-	4,935	81,986	86,921
1 to 5 years	26,539	14,374	34,291	75,204
6 to 10 years	27,310	17,833	24,751	69,894
More than 10 years	18,626	86,171	58,934	163,731

Credit Risk - Credit risk 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. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy utilizes portfolio diversification in order to control this risk.

The following table discloses credit ratings by investment type, at September 30, 2006, as applicable:

	<u>Fair Value</u>	<u>Percentage</u>
U.S. Government guaranteed*	\$ 195,788,015	49.47%
Credit risk debt securities		
AAA	31,591,701	7.98%
AA	9,172,764	2.32%
A	34,989,935	8.84%
BBB	28,954,028	7.32%
Bond Funds **	80,025,252	20.22%
Not rated (Bond funds and CMO's)	15,228,099	3.85%
Total credit risk debt securities	<u>199,961,779</u>	<u>50.53%</u>
Total fixed income securities	<u>\$ 395,749,794</u>	<u>100.00%</u>

* Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

** At September 30, 2006 bond funds are comprised of securities rated AAA (79%), AA (5%), BBB (8%), per Lehman Brothers Aggregate Bond Index.

Custodial Credit Risk - This is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the Plan's investment policy, the investments are held by Plan's custodial bank and registered in the Plan's name.

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Concentration of Credit Risk - The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of plan net assets at September 30, 2006.

Foreign Currency Risk - Foreign currency is the risk that changes in exchange rates will adversely affect the fair value of the investment or a deposit. Each investment manager, through the purchase of units in a commingled investment trust fund or international equity mutual fund, establishes investments in international equities. FIPO has an indirect exposure to foreign currency fluctuation as follows:

<u>Currency</u>	Holdings valued in U.S. dollars - International Equities
Swiss franc	\$ 3,398,494
Danish krone	640,188
Euro	16,027,405
British pound sterling	4,710,078
Hong Kong dollar	939,300
Japanese yen	12,970,455
South Korean won	1,105,382
Other	483,866
Total	<u>\$ 40,275,168</u>

Securities Lending Transactions - A retirement system is authorized by state statutes and board of trustees' policies to lend its investment securities. The lending is managed by the Trust's custodial bank. All loans can be terminated on demand by either the Trust or the borrowers, although the average term of loans is approximately eighty nine days. The custodial bank and its affiliates are prohibited from borrowing the system's securities. The agent lends the Trust's U.S. government and agency securities and domestic corporate fixed-income and equity securities for securities or cash collateral of 102 percent and international securities of 105 percent of the securities plus any accrued interest. The securities lending contracts do not allow the Trust to pledge or sell any collateral securities unless the borrower defaults. Cash collateral is invested in the agent's collateral investment pool, whose share values are based on the amortized cost of the pool's investments. Investments are restricted to issuers with a credit rating A3 or A- or higher by Moody's or Standard & Poor's. At year-end, the pool has a weighted average term to maturity of thirty-one days. The relationship between the maturities of the investment pool and the Trust's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Trust cannot determine. There are policy restrictions by the custodial bank that limits the amount of securities that can be lent at one time or to one borrower.

CITY OF MIAMI, FLORIDA
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The following represents the balances relating to securities lending transactions at September 30, 2006:

Securities Lent:	Fair Value of Underlying Securities	Cash Collateral Received/Securities Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
U.S. government and agency obligations	\$ 76,392,026	\$ 78,131,200	\$ 78,131,200
Domestic corporate stocks	135,554,312	139,313,972	139,313,972
Domestic corporate bonds	11,668,831	11,983,760	11,983,760
International corporate stocks	4,102,528	4,308,318	4,308,318
	<u>227,717,697</u>	<u>233,737,250</u>	<u>233,737,250</u>
Lent for securities collateral			
U.S. government and agency obligations	6,568,867	6,731,781	-
Domestic corporate stocks	1,887,053	1,930,023	-
Domestic corporate bonds	1,379,376	1,416,219	-
	<u>9,835,296</u>	<u>10,078,023</u>	<u>-</u>
Total securities lent	<u>\$ 237,552,993</u>	<u>\$ 243,815,273</u>	<u>\$ 233,737,250</u>

The contract with the Trust’s custodian requires the custodian to indemnify the Trust if the borrower fails to return the securities, due to the insolvency of a borrower, and the custodian has failed to live up to its contractual responsibilities relating to the lending of those securities. At year-end, the Trust has no credit risk exposure to borrowers because the amounts of collateral held by the Trust exceed the amounts the borrowers owe the Trust. There are no significant violations of legal or contractual provisions, no borrowers or lending agent default losses, and no recoveries of prior period losses during the year. There is no income distributions owing on securities lent.

GESE Pension Trust Funds

Investments for the City of Miami Employees’ and Sanitation Employees’ Retirement Trust (GESE Trust) and the City of Miami General Employees’ and Sanitation Employees’ Retirement Trust Staff Pension Plan (Staff Trust), as of September 30, 2006, was as follows:

	Fair Value	
	GESE Trust	Staff Trust
U.S. Government and Agency Securities	\$ 76,619,487	\$ 213,578
Corporate Stocks	417,662,830	475,803
Corporate Bonds	66,115,084	207,729
	<u>560,397,401</u>	<u>897,110</u>
Real Estate Fund	44,270,329	-
Money Market Fund	18,098,744	11,073
Total Investments	<u>\$ 622,766,474</u>	<u>\$ 908,183</u>

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GESE Trust

The investment policy, approved by the Board of Trustees for the GESE Trust, stipulates the permissible investments and the allowable long-range asset allocation, measured at market value at the end of each quarter. The investment objectives are to achieve rates of return that equal or exceed actuarial interest assumption rate, and performance results that rank in the top half of the investment consultants universe database, over a rolling three year period, without undue risk. Compliance with the investment policy is monitored by the GESE Trust's investment consultant. The Board of Trustees for the GESE Trust has engaged outside investment professionals to manage the assets of the Trust. The Trusts are potentially exposed to various types of investment risk including credit risk, custodial credit risk, concentration of credit risk and interest rate risk and foreign currency risk.

Interest Rate Risk – The GESE Trust limits the maturities of investments to control this risk. The GESE Trust investment policy requires that the average duration of the fixed income asset class be targeted within a range of three to ten years. In addition, each manager is expected to keep its duration at +/- one year of the benchmark duration. The GESE Trust utilizes duration to assess its risk to changes in interest rates.

The following represents the investments market value and duration of the securities at September 30, 2006:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg. Maturity Years</u>
Asset backed	\$ 8,514,000	3.47
Corporate-Bank	10,892,000	3.89
Corporate-Finance	11,453,000	3.89
Corporate-Industrial	16,547,000	6.05
Corporate-Misc	6,327,000	6.65
Corporate-Transportation	2,017,000	3.62
Corporate-Comm. Utility	3,986,000	5.54
Corporate-Electric Utility	1,854,000	3.30
Corporate-Gas Utility	837,000	3.02
US Treasury	15,662,000	5.23
US Agency	5,412,000	5.22
Yankee-Industrial	2,253,000	7.29
Yankee-Utility	81,000	3.00
Yankee-Finance	57,000	3.98
Mortgages	55,705,000	3.60
Cash and Other	1,623,000	0.00
Total	<u>\$ 143,220,000</u>	<u>4.38</u>

Credit Risk - The GESE Trust's Investment Policy Statement limits credit risk by requiring all fixed income securities to be rated by Moody's as a Baa/BBB or better. The only exception is that a maximum of 5% of each manager's portfolio may be invested in high yield securities rated Caa/CCC or better.

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

At September 30, 2006, the following table displays Moody’s ratings and the market value of the total fixed income portfolio invested:

Rating	Market Value	Percent
Government	\$ 21,073,000	14.70%
Aaa	65,153,000	45.50%
Aa	13,617,000	9.50%
A	25,087,000	17.50%
Baa	14,969,000	10.50%
Ba	1,538,000	1.10%
B	160,000	0.10%
Not Rated	-	0.00%
Cash	1,623,000	1.10%
Total	\$ 143,220,000	100.00%

Custodial Risk - The GESE Trust utilizes an independent custodial safekeeping agent for its investment activity. Custodial credit risk is limited since its investments are held in independent custodial safekeeping accounts, external investment pools and/or open end mutual funds. All cash in each money manager’s portfolio is swept into a money market mutual fund on a daily basis.

Concentration of Credit Risk - The GESE Trust utilizes limitations on securities of a single issuer or industry to manage this risk. Investments issued or explicitly guaranteed by the US Government and investments in mutual funds, external investment pools and other pooled investments are not subject to any concentration of credit risk. The GESE Trust investment policy requires that corporate bond issues must be diversified by industry and in number so that no investment in the securities of a single issue shall exceed 5% (at cost) of the value of the portfolio. Single industry weightings will be a maximum of 25%, except US Government and agency securities. At September 30, 2006, the GESE Trust did not have any investments with issuers greater than 5%.

Foreign Currency Risk - At September 30, 2006, the GESE Trust did not have any foreign denominated fixed income investments.

Staff Trust

The investment policy for the Staff Trust was determined by the Board of Trustees and is monitored by the Staff Trust’s investment consultant. The policy stipulates the permissible investments, and the allowable long-range asset allocation, measured at market value, at the end of each quarter. The investment objectives are to achieve rates of return that equal or exceed actuarial interest assumption rate, and performance results that rank in the top half of the investment consultants universe database, over a rolling three year period, without undue risk. The Board of Trustees has engaged outside investment professionals to manage the assets for the Staff Trust.

Interest Rate Risk – The Staff Trust limits the maturities of investments to control this risk. The Staff Trust investment policy requires that the average duration of the fixed income asset class be targeted within a range of three to ten years. In addition, the manager is expected to keep its duration at +/- one year of the benchmark duration. The Staff Trust utilizes duration to assess its risk to changes in interest rates.

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

The following table lists the investment type along with the total market value and duration of the securities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration</u>
Asset backed	\$ 8,000	2.55%
Corporate-Bank	30,000	6.61%
Corporate-Finance	57,000	3.29%
Corporate-Industrial	83,000	4.73%
Corporate-Transportation	3,000	4.58%
Corporate-Comm. Utility	9,000	1.51%
Corporate-Electric Utility	3,000	2.21%
Corporate-Other	20,000	5.50%
US Treasury	104,000	7.54%
US Agency	102,000	4.13%
Yankee	5,000	1.08%
Mortgages	2,000	1.16%
Cash and Other	1,000	0.00%
Total	<u>\$ 427,000</u>	<u>5.05%</u>

Credit Risk - The Staff Trust Investment Policy Statement limits credit risk by requiring all fixed income securities to be rated by Moody's as a Baa/BBB or better.

At September 30, 2006 the following table displays Moody's ratings and the market value of the total fixed income portfolio invested in that rating:

<u>Rating</u>	<u>Market Value</u>	<u>Percent</u>
Government	\$ 216,000	50.60%
Aaa	6,000	1.40%
Aa	61,000	14.30%
A	135,000	31.60%
Baa	8,000	1.90%
Cash	1,000	0.20%
Total	<u>\$ 427,000</u>	<u>100.00%</u>

Custodial Risk - The Staff Trust utilizes an independent custodial safekeeping agent for its investment activity. Custodial credit risk is limited since its investments are held in independent custodial safekeeping accounts, external investment pools and/or open end mutual funds. All cash in each money manager's portfolio is swept into a money market mutual fund on a daily basis.

Concentration of Credit Risk - The Staff Trust utilizes limitations on securities of a single issuer or industry to manage this risk. Investments issued or explicitly guaranteed by the US Government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. The Staff Trust investment policy requires that corporate bond issues must be diversified by industry and in number so that no investment in the securities of a single issue shall exceed 20% (at cost) of the value of the portfolio. Single industry weightings will be a maximum of 20%, except US Government and agency securities. As of September 30, 2006, the Staff Trust did not have any positions with issuers greater than 5%.

CITY OF MIAMI, FLORIDA
 NOTES TO FINANCIAL STATEMENTS

Foreign currency risk - At September 30, 2006, the GESE Staff Trust did not have any foreign fixed income investments.

Elected Official Retirement Trust (EORT)

At September 30, 2006, the investments of EORT consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>
United States Treasury Notes	\$ 1,621,097
Federal Home Loan Mortgage Corporation	1,048,075
Total	<u><u>\$ 2,669,172</u></u>

Interest Rate Risk - Interest rate risk is the risk that as market rate changes the fair value of an investment will vary. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rate. The City’s policy limits the maturity of an investment to a maximum of 5 years. As of September 30, 2006, EORT had the following investments with the respective weighted average maturity in years. The respective weighted average maturities were based on the securities call date, not the maturity date.

<u>Investment Type</u>	<u>Weighted Avg. in Years</u>
United States Treasury Notes	1.37
Federal Home Loan Mortgage Corporation	1.75

The investments at September 30, 2006 are in compliance with EORT’s investment policy.

Credit Risk - The Plan’s investment policy minimizes credit risk by restricting authorized investments to the highest ratings of at least one of the nationally recognized statistical rating organizations (NRSROs). Investments in the State Board of Administration, The Local Government Surplus Funds Trust Fund, do not have a rating from the NRSRO. Commercial paper and bankers acceptances must have the highest letter and numerical rating as provided for by at least one NRSRO. The credit ratings below were consistent among the three major rating agencies (Moody’s, Standard and Poor’s, and Fitch).

The table below summarizes the investments by credit rating at September 30, 2006:

<u>Investment Type</u>	<u>Credit Rating</u>
United States Treasury Notes	AAA
Federal Home Loan Mortgage Corporation	AAA

Concentration of Credit Risk - The Plan’s policy establishes limitations on portfolio composition by investment type and by issuer to limit its exposure to concentration of credit risk. The policy provides that a maximum of 20% of the portfolio may be invested in SEC registered money market funds with no more than 10% to any single money market fund. A maximum of 100% of available funds may be invested in the Local Governments Surplus Funds Trust Fund. A maximum of 100% of the total portfolio may be invested in U.S. Government securities and federal instrumentalities, with a limit of 25% invested in any one issuer of federal instrumentalities. A maximum of 35% of the portfolio may be invested in prime commercial paper with a maximum of 10% with any one issuer. A maximum of 10% of the portfolio may be invested in banker’s acceptances with a maximum of 5% with any one issuer.

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

As of September 30, 2006, the following issuers held 5% or more of the investment portfolio:

<u>Issuer</u>	<u>Percent</u>
United States Treasury Notes	61%
Federal Home Loan Mortgage Corporation	39%

NOTE 4. – RECEIVABLES

Receivables at year end for the City in individual major funds and non-major funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

	General	Community Development	Fire Rescue Services	Public Services Tax	General Government	Streets & Sidewalks	Non Major Govt Funds	Total
Receivables								
Accounts	\$ 23,785,120	\$ 3,301,260	\$ 4,314	\$ 5,422	\$ 575,000	\$ 855,730	\$ 1,611,476	\$ 30,138,322
Taxes	10,479,152	-	-	-	-	-	1,095,497	11,574,649
Special Assessments	-	351,481	-	-	-	-	15,339	366,820
Due from Other Governments	783,373	4,144,369	24,907,995	8,193,418	-	3,506,315	10,167,884	51,703,354
Loans	288,000	71,146,250	-	-	-	-	-	71,434,250
Loan to component unit	-	2,850,000	-	-	-	-	-	2,850,000
Gross Receivables	35,335,645	81,793,360	24,912,309	8,198,840	575,000	4,362,045	12,890,196	168,067,395
Less: Allowance for Uncollectibles	(9,433,967)	(76,670,888)	(721)	-	(575,000)	(378,411)	(137,666)	(87,196,653)
Net Total Receivables	\$ 25,901,678	\$ 5,122,472	\$ 24,911,588	\$ 8,198,840	\$ -	\$ 3,983,634	\$ 12,752,530	\$ 80,870,742

As part of its Community Development Block Grant (CDBG) program, the City issues single and multi-family housing rehabilitation loans to qualified residents. All repayments of the loans, which carry low interest rates, remain in the loan program. As collection of the loans is not assured, the loans are fully reserved. As of September 30, 2006, rehabilitation loans outstanding totaled \$71,146,250. The loan to the component unit represents a receivable from the DOSP in the amount of \$2,850,000 which is fully reserved for as of September 30, 2006 (see Note 9).

NOTE 5. - PROPERTY TAXES

Property taxes are levied on January 1st and are payable on November 1st, with discounts of one to four percent allowed if paid prior to March 1st of the following calendar year. Taxpayers also have the option of paying their taxes in advance in equal quarterly payments based on the prior year's tax assessment with quarterly discounts varying between 2% and 6%. All unpaid taxes on real and personal property become delinquent on April 1st and bear interest at 18% until a tax sale certificate is sold at auction. The County bills and collects all property taxes for the City, and sells tax certificates for delinquent taxes.

The assessed value of property, as established by the Miami-Dade County Property Appraiser, at January 1, 2005, upon which the 2005-2006 levy was based, was \$26,713,616,588. The City is permitted by Article 7, Section 8 of the Florida Constitution to levy taxes up to \$10 per \$1,000 of assessed valuation for general governmental services other than the payment of principal and interest on general obligation long-term debt. In addition, unlimited amounts may be levied for the payment of principal and interest on general obligation long-term debt, subject to a limitation on the amount of debt outstanding. The tax rate to finance general governmental services (other than the payment of principal and interest on general obligation long-term debt) for the year ended September 30, 2006, was \$8.4995 per \$1,000. The debt service tax rate for the same period was \$0.765 per \$1,000.

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Property taxes receivable reported in the government-wide Statement of Net Assets and the governmental funds Balance Sheet represent amounts due for unpaid delinquent property taxes at September 30, 2006. Property taxes that are not considered “available” have been reported as deferred revenues in the governmental funds Balance Sheet.

NOTE 6. - CAPITAL ASSETS

The following is a summary of changes in capital assets during the year ended September 30, 2006:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 75,459,056	\$ 4,783,973	\$ (1,060,327)	\$ 79,182,702
Construction in progress	74,729,985	84,256,042	(28,580,897)	130,405,130
Total capital assets, not being depreciated	<u>150,189,041</u>	<u>89,040,015</u>	<u>(29,641,224)</u>	<u>209,587,832</u>
Capital assets, being depreciated:				
Buildings	169,290,305	77,224	-	169,367,529
Improvements	80,065,837	1,018,320	-	81,084,157
Machinery and equipment	113,906,357	18,163,247	(1,464,273)	130,605,331
Infrastructure	1,034,124,400	27,269,808	-	1,061,394,208
Total capital assets, being depreciated	<u>1,397,386,899</u>	<u>46,528,599</u>	<u>(1,464,273)</u>	<u>1,442,451,225</u>
Less accumulated depreciation for:				
Buildings	(93,378,912)	(4,370,922)	-	(97,749,834)
Improvements	(25,384,602)	(2,653,209)	-	(28,037,811)
Machinery and equipment	(55,703,024)	(12,686,616)	1,367,517	(67,022,123)
Infrastructure	(508,584,321)	(26,690,642)	-	(535,274,963)
Total accumulated depreciation	<u>(683,050,859)</u>	<u>(46,401,389)</u>	<u>1,367,517</u>	<u>(728,084,731)</u>
Total capital assets, being depreciated, net	<u>714,336,040</u>	<u>127,210</u>	<u>(96,756)</u>	<u>714,366,494</u>
Governmental activities capital assets, net	<u>\$ 864,525,081</u>	<u>\$ 89,167,225</u>	<u>\$ (29,737,980)</u>	<u>\$ 923,954,326</u>

Depreciation expense was charged to government functions as follows:

General Government	\$ 2,708,788
Planning and Development	90,457
Community Development	56,774
Community Redevelopment Areas	359,058
Public Works	4,435,179
Public Safety	7,867,288
Public Facilities	1,164,636
Parks and Recreation	3,028,567
Unallocated	26,690,642
Total depreciation expense	<u>\$ 46,401,389</u>

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Construction Commitments

At September 30, 2006, the City had in process various uncompleted construction projects with remaining balances totaling \$58,239,433. Funding of these projects is to be made primarily through the proceeds of the related bond issues, loans and future taxes.

Discretely Presented Component Units Capital Assets

The following is a summary of changes in capital assets of the component units during the year ended September 30, 2006:

	MSEA			Ending Balance
	Beginning Balance	Additions	Retirements	
Capital assets, being depreciated:				
Office equipment	\$ 263,584	-	(263,584)	-
Total capital assets, being depreciated	263,584	-	(263,584)	-
Less accumulated depreciation for:				
Office equipment	(255,329)	-	255,329	-
Total accumulated depreciation	(255,329)	-	255,329	-
MSEA capital assets, net	\$ 8,255	-	(8,255)	-

During the fiscal year ended September 30, 2006, the MSEA donated all of its capital assets and auctioned the Miami Arena and the adjacent parking lot properties. Those sales enabled the organization to defease the bonds used to finance the arena's construction and to enter into a new inter-local agreement with Miami-Dade County, redirecting the Convention Development Revenue (CDT).

	DOSP			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 13,987,829	\$ 2,525,000	\$ (2,360,775)	\$ 14,152,054
Construction in progress	5,647,121	5,143,764	(8,086,196)	2,704,689
Total capital assets, not being depreciated	19,634,950	7,668,764	(10,446,971)	16,856,743
Capital assets, being depreciated:				
Building and structures	23,478,305	5,771,866	(20,714)	29,229,457
Leasehold improvements	6,698,994	2,082,297	-	8,781,291
Furniture and fixtures	184,979	136,296	(13,949)	307,326
Equipment	10,881,392	1,786,949	(401,177)	12,267,164
Total capital assets, being depreciated	41,243,670	9,777,408	(435,840)	50,585,238
Less accumulated depreciation for:				
Building and structures	(13,339,358)	(772,033)	-	(14,111,391)
Leasehold improvements	(4,824,572)	(751,740)	-	(5,576,312)
Furniture and fixtures	(162,366)	(28,433)	-	(190,799)
Equipment	(8,495,680)	(799,956)	202,547	(9,093,089)
Total accumulated depreciation	(26,821,976)	(2,352,162)	202,547	(28,971,591)
Total capital assets, being depreciated, net	14,421,694	7,425,246	(233,293)	21,613,647
DOSP capital assets, net	\$ 34,056,644	\$ 15,094,010	\$ (10,680,264)	\$ 38,470,390

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

	DDA			
	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, being depreciated:				
Furniture and equipment	\$ 473,767	\$ 60,989	\$ -	\$ 534,756
Less accumulated depreciation for:				
Furniture and equipment	(183,469)	(66,520)	-	(249,989)
DDA capital assets, net	<u>\$ 290,298</u>	<u>\$ (5,531)</u>	<u>\$ -</u>	<u>\$ 284,767</u>

	BFP			
	Beginning Balance as restated	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 516,129	\$ -	\$ -	\$ 516,129
Construction in progress	44,462	109,057	-	153,519
Total capital assets, not being depreciated:	<u>560,591</u>	<u>109,057</u>	<u>-</u>	<u>669,648</u>
Capital assets, being depreciated:				
Buildings	2,637,934	-	-	2,637,934
Public domain and system infrastructure	2,136,335	434,609	-	2,570,944
Machinery and equipment	343,660	18,753	-	362,413
Total capital assets, being depreciated	<u>5,117,929</u>	<u>453,362</u>	<u>-</u>	<u>5,571,291</u>
Less accumulated depreciation for:				
Buildings	(913,444)	(52,759)	-	(966,203)
Public domain and system infrastructure	(1,170,696)	(117,682)	-	(1,288,378)
Machinery and equipment	(185,158)	(32,992)	-	(218,150)
Total accumulated depreciation	<u>(2,269,298)</u>	<u>(203,433)</u>	<u>-</u>	<u>(2,472,731)</u>
Total capital assets, being depreciated, net	<u>2,848,631</u>	<u>249,929</u>	<u>-</u>	<u>3,098,560</u>
BFP capital assets, net	<u>\$ 3,409,222</u>	<u>\$ 358,986</u>	<u>\$ -</u>	<u>\$ 3,768,208</u>

The BFP has restated its capital assets to record assets not properly capitalized. The adjustment increased capital assets by \$93,612 (see Note 2).

Depreciation expenses were charged to the discretely presented component units as follows:

MSEA	\$ -
DOSP	2,352,162
DDA	66,520
BFP	203,433
Total depreciation expense	<u><u>\$ 2,622,115</u></u>

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at September 30, 2006 consisted of the following:

	General	Community Development	Fire Rescue Services	General Government	Street & Sidewalks	Nonmajor Governmental Funds	Total
Vendors	\$ 8,055,788	\$ 3,627,138	\$ 5,892,794	\$ 2,596,827	\$ 7,299,210	\$ 9,793,955	\$ 37,265,712
Salaries and Benefits	11,711,792	146,223	83,440	103,099	-	337,616	12,382,170
Total	\$ 19,767,580	\$ 3,773,361	\$ 5,976,234	\$ 2,699,926	\$ 7,299,210	\$ 10,131,571	\$ 49,647,882

NOTE 8. - Interfund Receivables, Payables, and Transfers

The balances reflected as due from/due to other funds as of September 30, 2006 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Fire Rescue Services	\$ 14,631,938
General Fund	Public Services Tax Fund	2,871,293
General Fund	Debt Service Fund	6,244,370
		<u>\$ 23,747,601</u>

These outstanding balances between funds result mainly from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

The following is a summary of transfers for the year ended September 30, 2006:

<u>Transfer Out</u>	<u>Transfer In</u>						Total
	General	Community Development	Fire Rescue Service	General Government	Street & Sidewalks	Nonmajor Governmental Funds	
General	\$ -	\$ 930,100	\$ 6,016,222	\$ 24,248,393	\$ -	\$ 11,014,571	\$ 42,209,286
Community							
Development	142,004	632,280	37,304	-	421,578	1,103,019	2,336,185
Fire Rescue Service	-	-	129,170	-	-	3,330,632	3,459,802
Public Services Tax	51,025,176	-	-	-	-	11,711,008	62,736,184
General Government	-	-	-	21,201,062	9,195,141	5,205,318	35,601,521
Street & Sidewalks	-	-	-	1,382,246	16,246,732	4,818,791	22,447,769
Nonmajor							
Governmental Funds	930,046	5,535,000	-	1,179,671	12,856,547	40,408,728	60,909,992
Total	\$ 52,097,226	\$ 7,097,380	\$ 6,182,696	\$ 48,011,372	\$ 38,719,998	\$ 77,592,067	\$ 229,700,739

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (b) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (c) move unrestricted revenues collected in the general and public services tax funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

NOTE 9. - LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended September 30, 2006:

Primary Government	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
General obligation bonds	\$ 215,729,956	\$ -	\$ (10,423,024)	\$ 205,306,932	\$ 10,372,523
Special obligation and revenue bonds, and loans	162,142,395	1,000	(8,795,771)	153,347,624	9,714,753
Accretion	36,291,639	339,334	-	36,630,973	-
Deferred amounts	6,643,867	-	(526,453)	6,117,414	-
Total bonds, notes, and loans	420,807,857	340,334	(19,745,248)	401,402,943	20,087,276
Other liabilities:					
Capital lease	1,921,177	-	(622,236)	1,298,941	640,219
Compensated absences	72,413,989	5,131,636	(6,786,526)	70,759,099	5,244,540
Claims payable	117,813,731	29,858,842	(24,996,460)	122,676,113	16,326,219
Net pension obligation	3,265,393	317,622	-	3,583,015	-
Total governmental activities long-term liabilities	\$ 616,222,147	\$ 35,648,434	\$ (52,150,470)	\$ 599,720,111	\$ 42,298,254

For governmental activities, claims and judgments, compensated absences and the net pension obligation are generally liquidated by the General Fund.

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Bonds and Loans Outstanding – Summarized below are the City’s bond and loan issues, which are outstanding at September 30, 2006:

<u>DESCRIPTION</u>	<u>Purpose of Issue</u>	<u>Amount Issued</u>	<u>Outstanding Balance</u>	<u>Interest Rate Range</u>	<u>Maximum Annual Debt Service</u>
General Obligation Bonds:					
General Obligations Refunding Bonds Series 1992	Refunding	\$ 70,100,000	\$ 11,015,000	5.9%-6%	\$ 2,890,928
Homeland Defense/Neighborhood CIP Series 2002A	Homeland Defense	153,186,406	150,651,932	3.4%-4.97%	19,720,375
General Obligation Refunding Bonds Series 2002A	Refunding	32,510,000	28,170,000	3.7%-5.375%	6,682,281
General Obligation Bonds Other Issues	Housing	23,190,000	1,565,000	.5%-4%	427,358
General Obligation Refunding Bonds Series 2003	Refunding	18,680,000	9,765,000	4%-5%	3,630,475
General Obligation Refunding Bonds Series 2003B	Refunding	4,180,000	4,140,000	2%-3.5%	1,446,838
		<u>\$ 301,846,406</u>	<u>\$ 205,306,932</u>		
Special Obligation and Revenue Bonds and Loans:					
Special Revenue Refunding Bonds Series 1987	Refunding	\$ 65,271,325	\$ 8,901,060	5.25%-7.3%	\$ 5,900,000
Community Redevelopment Revenue Bonds Series 1990	Redevelopment	11,500,000	2,335,000	8.50%	358,975
Special Obligation Non-Ad Valorem Series 1995	MRC Building	22,000,000	2,365,000	5.4%-5.7%	658,420
Special Obligation Non-Ad Valorem Revenue Series 1995	Pension	72,000,000	61,815,000	6.5%-7.25%	5,812,300
Special Revenue Refunding Bonds Series 2002A	Refunding	27,895,000	27,895,000	3.7%-5.375%	3,353,539
Special Revenue Refunding Bonds Series 2002B	Refunding	13,170,000	3,495,000	3%-3.25%	2,108,588
Special Revenue Refunding Bonds Series 2002C	Refunding	28,390,000	25,325,000	3%-4.375%	2,695,606
Sunshine State Government Financing Commission Loans	Facility Improvements	27,630,900	10,751,700	(1)	(2)
Sunshine State Government Financing SEOPW - Section 108 HUD Loan	Redevelopment	5,100,000	3,800,000	8.47%-9.03%	737,563
Wynwood - Section 108 HUD Loan	Redevelopment	5,500,000	3,260,000	(3)	(3)
Wagner Square - Section 108 HUD Loan (4)	Redevelopment	1,000	1,000	(3)	1,000
Sunshine State Government Financing Commission-Secondary Loan	SCI, Melreese	3,500,000	1,695,000	(1)	(2)
Gran Central Corporation Loan	Redevelopment	1,708,864	1,708,864	0.00%	1,708,864
		<u>283,667,089</u>	<u>153,347,624</u>		
Total		<u>\$ 585,513,495</u>	<u>\$ 358,654,556</u>		

- (1) These variable rate loans are subject to a 15% interest rate cap. The Commission loans had an average interest rate of 3.58% on September 30, 2006.
- (2) The amortization requirement of the covenant program (not the individual issues) variable rate obligation requires a minimum amortization over the 1/3 (10 years) of the normal (30 years) maturity.
- (3) These variable rate loans are subject to Libor plus 0.2%. The interest is calculated monthly and paid to the trustee quarterly.
- (4) Total line of credit is \$4.5 million. As of September 30, 2006 the City has only drawn \$1,000.

Annual Debt Service Requirements to Maturity

The annual debt service requirements for all bonds and loans outstanding as of September 30, 2006, are as follows:

Year Ended September 30,	General Obligation Bonds		Special Obligation, Revenue Bonds, and Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 10,372,523	\$ 9,157,173	\$ 9,714,753	\$ 12,061,202	\$ 20,087,276	\$ 21,218,375
2008	10,295,644	9,236,563	11,727,362	12,349,116	22,023,006	21,585,679
2009	10,205,262	9,326,490	10,335,758	12,055,775	20,541,020	21,382,265
2010	10,174,048	9,362,144	10,714,629	11,683,942	20,888,677	21,046,086
2011	10,212,664	9,322,410	10,466,810	11,286,030	20,679,474	20,608,440
2012-2016	52,886,791	44,991,959	42,609,312	43,448,195	95,496,103	88,440,154
2017-2021	81,945,000	16,646,256	27,775,000	14,599,116	109,720,000	31,245,372
2022-2026	19,215,000	505,375	30,005,000	5,362,520	49,220,000	5,867,895
	<u>\$ 205,306,932</u>	<u>\$ 108,548,370</u>	<u>\$ 153,348,624</u>	<u>\$ 122,845,896</u>	<u>\$ 358,655,556</u>	<u>\$ 231,394,266</u>

Synopsis of Bond Covenants

A summary of major provisions and significant debt service requirements follows:

Debt service for general obligation bonds is provided for by a tax levy on non-exempt property value. The total general obligation debt outstanding is limited by the City Charter to 15% of the assessed non-exempt property value. At September 30, 2006, the statutory limitation for the City amounted to \$4,046,606,593 providing a debt margin of \$3,843,264,131 after consideration of \$205,306,932 of general obligation bonds outstanding at September 30, 2006 and adjusted for the fund balance of \$1,994,991 in the related Debt Service Fund.

The various special obligation and revenue bonds are secured by pledges of specific revenue sources in accordance with their bond indentures. Their bond resolutions require that sufficient funds be available in reserve accounts to meet the largest debt service requirement in any ensuing fiscal year or that a surety bond be obtained in lieu of the reserve account.

Loans obtained from the Sunshine State Governmental Financing Commission require a particular revenue pledge or a covenant to budget and appropriate non-ad valorem revenues. The City must maintain certain debt ratio requirements as specified under this loan requirement.

The City believes it is in material compliance with its financial debt covenants.

Escrow Agreement

On March 17, 1997, an agreement was entered into by and among an Escrow Agent, the Oversight Board, acting through its committee’s (Fiscal Sufficiency Advisory Board), and the City. The agreement directs the Escrow Agent to establish two escrow accounts, and maintain appropriate balances to ensure the timely payment of debt service on outstanding General Obligation and Revenue Bonds.

CITY OF MIAMI, FLORIDA
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The City made an initial deposit of \$9,700,000 with the escrow agent on March 17, 1997 to cover its debt service requirements on the General Obligation Bonds. The City has agreed that certain ad valorem tax revenues received will be deposited each month into the escrow account in an amount specified by the underlying agreement. If the ad valorem taxes received in any month are inadequate to make the required deposit, the City must use other sources of funds to supplement the required deposits. The City also made an initial deposit of approximately \$5,000,000 with the Escrow Agent on March 17, 1997 to cover its debt service requirements on the Special Obligation Bonds and Loans. The City has agreed to deposit revenues each month in amounts specified in the underlying agreement. The City is in compliance with the required deposits.

Long-Term Debt Authorized But Not Issued

On November 13, 2001, a referendum election was held and the voters approved the issuance of \$255,000,000 of Limited Ad Valorem Tax Bonds. As of September 30, 2006, the City has issued \$153,186,406 of the approved bonds.

Derivative Disclosure – Swaption Agreement

Objective of the Swaption - On November 15, 2004, the City entered into a \$30,615,000 Swaption with Morgan Stanley Capital Services Inc. (“Morgan Stanley” or “Counterparty”) as a means to refund a portion of the outstanding Series 1995 Non-Ad Valorem Revenue, Taxable Pension Bonds on or around the call date of December 1, 2006. The Series 1995 Non-Ad Valorem Revenue, Taxable Pension Bonds were originally issued to provide funds to fund the General Employees and Sanitation Employees (GESE) and Police and Fire (FIPO) retirement funds. The final maturity on the Swaption, if exercised by Morgan Stanley is December 1, 2025. Following the pricing of the Swaption, the net present value savings of the transaction were estimated at \$2,447,821 or 7.96% of the refunded Series 1995 bonds (see Note 14).

Terms - The City sold to Morgan Stanley the right to enter into an interest rate swap with the City, in which the City would pay a specified fixed rate (6.43%) and receive a floating rate based on the 1-month LIBOR (London Inter Bank Offered Rate) Index in exchange for annual option premium payments of \$225,000 from December 1, 2005 through December 1, 2026. The City has not made any payments to the swaption Counterparty. If the Counterparty exercises the option, the swap would be effective on December 1, 2006, and then the City would simultaneously enter into the swap whereby the City would pay a fixed rate and receive a floating rate. The City would then issue variable rate refunding bonds. The variable rate received on the swap and paid on the refunding bonds was established to track closely, effectively leaving the City with a fixed rate obligation. The fixed rate on the swap was set so the City’s swap payments and support costs on the variable rate debt are approximately equal to the debt service prior to the refunding. No additional material debt service savings are expected to be achieved from the actual refunding, but rather the entire benefit of the swaption is realized through the annual payments from Morgan Stanley.

Fair value - As of September 30, 2006, the Swaption had a negative fair value of \$932,389. The negative fair value signifies the amount that the City would have to pay the Counterparty upon the termination of the swaption as of that date. The fair value of the swaption has decreased relative to the time that they were priced, due to a flattening of the yield curve resulting in a decline in the forward and long-term interest rates. The fair value was calculated using a market quotation from the Counterparty.

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Credit Risk - As of September 30, 2006, the City was not exposed to credit risk because the swaption had a negative fair value. However, should interest rates change and the value of the Swaption become positive, the City could be exposed to credit risk in the amount of the Swaption's fair value. The provisions of the swaption agreement contain certain Counterparty requirements that mitigate the potential for credit risk to the City. For the Swaption, if the Counterparty guarantor's long-term unsecured unsubordinated debt ratings are suspended by either Moody's or Standard & Poor's or ratings fall below "Baa3" or "BBB"-by Moody's and Standard & Poor's, respectively, the fair value of the associated swap will be fully collateralized with cash or securities. Collateral would be posted with an independent third party custodian. As of September 30, 2006, Morgan Stanley's ratings have not fallen below these levels; therefore, the Counterparty was not required to collateralize the Swaption. The City is not required to collateralize the Swaption.

Basis Risk - As of September 30, 2006, the Swaption does not expose the City to basis risk. The City is not obligated to make or receive payments on the Swaption unless and until the option is exercised. The exercise date for the Swaption is October 15, 2006. If the option is exercised, the swap related to the Swaption will expose the City to basis risk (see Note 14).

Termination Risk - The Swaption provides for certain events that could cause the Counterparty of the City to terminate the swap. The swap may be terminated by the Counterparty or the City if the other party fails to perform under the terms of the swap agreement. The City has the right to optionally terminate the Swaption agreement at any time. The termination amount owed by either the City or the Counterparty is determined by market quotation. If at the time of termination, the swap has a negative fair value, the City would be liable to the Counterparty for a payment equal to the swap's fair value (see Note 14).

Purchase of Redemption Right

On November 10, 2004, Societe Generale, New York Branch, (the "Owner"), a beneficial owner of all Non-Ad Valorem Revenue Bonds Taxable Pension Series 1995 (the "Bonds") of the City of Miami, Florida (the "City") maturing in the years 2015 and 2020 (the "2015 and 2020 Maturities"), finalized an Agreement with the City to pay \$295,000, annually on each December 1, commencing on December 1, 2005 and ending on December 1, 2025, in exchange for the City's irrevocable agreement not to exercise its option of redemption with respect to the 2015 and 2020 maturities.

Capital Lease

The City has entered into a lease agreement as lessee for financing the acquisition of computer equipment. The lease agreement qualifies as a capital lease for accounting purposes and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through the capital lease are as follows:

Machinery and equipment	\$ 3,203,694
Less accumulated depreciation	(1,601,847)
Total	<u>\$ 1,601,847</u>

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The future minimum lease obligations and the net present value of those minimum lease payments as of September 30, 2006, were as follows:

Year Ending September 30,	Amount
2007	\$ 677,758
2008	677,758
Total Minimum lease payments	1,355,516
Less: amount representing interest	(56,575)
Present value of minimum lease payments	<u>\$ 1,298,941</u>

Discretely Presented Component Units Long-Term Debt

MSEA

The changes in long-term debt activity of MSEA during 2006 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds Payable	<u>\$ 1,180,000</u>	<u>\$ -</u>	<u>\$ 1,180,000</u>	<u>\$ -</u>	<u>\$ -</u>

DOSP

The changes in DOSP's long-term debt during 2006 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 9,780,000	\$ 40,655,000	\$ 710,000	\$ 49,725,000	\$ 740,000
Deferred amounts	62,566	13,137	-	75,703	-
Loan from primary government	964,868	2,035,132	150,000	2,850,000	150,000
	<u>\$ 10,807,434</u>	<u>\$ 42,703,269</u>	<u>\$ 860,000</u>	<u>\$ 52,650,703</u>	<u>\$ 890,000</u>

The City has issued revenue bonds on behalf of DOSP. The principal and interest of the revenue bonds are payable solely from the revenues of the parking facilities and, accordingly, are included in the accounts of the DOSP.

The DOSP, on July 21, 2005, entered into a loan agreement with the City of Miami. The loan was obtained through CDBG program funds up to a maximum of \$3,000,000 to be used for the construction of a parking garage facility. Funds are disbursed on a reimbursement basis. The loan bears no interest and is payable in 40 semi-annual installments of \$75,000 starting December 1, 2005. As of September 30, 2006, DOSP has drawn \$3,000,000 of this loan. The balance as of September 30, 2006 is \$2,850,000.

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The following summarizes the debt service to maturity of outstanding DOSP debt at September 30, 2006:

Year Ending September 30,	Bonds			Loan
	Principal	Interest	Total	Principal
2007	\$ 740,000	\$ 2,255,000	\$ 2,995,000	\$ 150,000
2008	770,000	2,220,000	2,990,000	150,000
2009	800,000	2,186,000	2,986,000	150,000
2010	835,000	2,151,000	2,986,000	150,000
2011	875,000	2,113,000	2,988,000	150,000
2012-2016	5,050,000	9,849,000	14,899,000	2,100,000
2017-2021	6,420,000	8,335,000	14,755,000	-
2022-2026	8,105,000	6,802,000	14,907,000	-
2027-2031	10,235,000	4,755,000	14,990,000	-
2032-2036	12,925,000	2,169,000	15,094,000	-
2037	2,970,000	67,000	3,037,000	-
Total	<u>\$ 49,725,000</u>	<u>\$ 42,902,000</u>	<u>\$ 92,627,000</u>	<u>\$ 2,850,000</u>
Range of Rates		<u>3.75%-5.25%</u>		

In prior years, the DOSP defeased, in substance, its 1993A Parking Facilities Revenue Bonds and at September 30, 2006, the outstanding balance of defeased bonds was \$3,710,000.

Derivative Disclosure

Objective of the Interest Rate Swap – As a means to lowering its borrowing costs, when compared against fixed-rate bonds at the time of issuance in March 2006, the DOSP entered into an interest rate swap agreement in connection with a portion of its Tax-exempt variable rate bonds (\$34,740,000 of the \$36,805,000 tax-exempt bonds issued). The intention of the swap was to effectively change the Authority’s variable interest rate on the bonds to a synthetic fixed rate of 4.485%.

Terms – Under the swap, the DOSP pays the counterparty a fixed payment of 4.485% and receives a variable payment computed as BMA Municipal Swap Index. The swap has a notional amount of \$34.74 million and the associated variable-rate bonds have a \$36.805 million principal amount. The swap was entered into at the same time that the bonds were issued. Starting in fiscal year 2016, the notional value of the swap and the principal amount of the associated debt decline. The BMA Municipal Swap Index as of September 30, 2006 was 3.54%.

Fair Value – As of September 30, 2006, the swap had a negative value of \$2,606,677. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the coupons on the government’s variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was developed by a pricing service using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rate. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement of the swap.

Credit Risk – As of September 30, 2006, the DOSP was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the DOSP would be exposed to credit risk in the amount of the derivative’s fair value. As of September 30, 2006, the counterparty was rated A by Moody’s Investor Service, A by Standard & Poor’s and A+ by Fitch Ratings. To mitigate the potential for credit risk, if the counterparty’s credit quality falls below BBB- as issued by Fitch Ratings or Standard & Poor’s or a Baa3 as issued by Moody’s Investor Service, it will collateralize the swap liability to the DOSP with securities, consisting of obligations of the United States government, mortgage participation certificates of the Federal Home Mortgage Corporation, or the Federal National Mortgage Association, or such other securities as the parties mutually agree to. Collateral would be deposited with a third-party custodian.

Basis Risk – Municipal interest rate swaps are normally based on a fixed payment and an indexed variable receipt instead of the actual variable debt payment. Any difference between the indexed variable receipt and the accrual market-determined variable borrowing rate on bonds is called “basis-risk”. Under the swap, the DOSP will be paid the actual market-determined variable borrowing rate on the bonds is called “basis-risk”. Under the swap, the DOSP will be paid the actual market-determined variable borrowing rate on the swap, as determined by the remarketing agent, which eliminates the basis risk.

Termination Risk – The derivative contract used the International Swap Dealers Association Master Agreement (Master Agreement), which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an “additional termination event”. That is, the DOSP may terminate the swap if the counterparty’s credit quality falls to BBB- as issued by Fitch Ratings or Standard & Poor’s or Baa3 as issued by Moody’s Investor Service. The DOSP or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap were terminated, the variable rate bond would no longer carry a synthetic interest rate. In addition, if at the time of the termination the swap has a negative fair value, the DOSP would be liable to the counterparty for a payment equal to the swap’s fair value.

The interest rate swap agreement does not affect the obligation of the DOSP under the Indenture to repay the principal and variable interest on the Series 2006 Parking Revenue Bonds. However, during the term of the swap agreement, the DOSP effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds are based on that fixed rate. The DOSP will be exposed to variable rates if the counter party to the swap defaults or if the swap agreement is terminated. A termination of the swap agreement may also result in the DOSP making or receiving a termination payment.

NOTE 10. - SELF-INSURANCE

A. Risk Management

The City is self insured for its liability program subject to, and in accordance with, the limitations set forth by Florida Statutes 768.28. The City has in place a commercial property program providing blanket real estate and personal property coverage on all City owned properties. There has not been a significant reduction in insurance coverage from the previous year. Settled claims have not exceeded reserves in the past three years. The General Fund accounts for all risks of loss to which the City is exposed, including public liability, workers’ compensation, property and casualty, and employee health and accident related losses.

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Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated based on an independent actuarial valuation. Liabilities include an amount for claims that have been incurred but not reported. The process used in computing claims liability does not necessarily result in an exact amount because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors.

The City maintains excess coverage with independent insurance carriers for the worker’s compensation, police torts, auto liability, public official’s liability, and general liability self-insurance programs. Premiums are charged to the Risk Management Department and are determined based on amounts necessary to provide funding for current losses and to meet the required annual payments during the fiscal year. The property insurance program provides coverage for windstorm and hail subject to a 5% deductible with no cap; multiple loss limits apply.

At September 30, 2006, the total estimated liability of \$122,676,113 is discounted at an interest rate of 5% and recorded in the government-wide financial statements. Changes in the claims liability amount in 2005 and 2006 were as follows:

Fiscal Year Ended September 30,	Beginning of Fiscal Year Liability	Current Year Claims and Changes in estimates	Claims Payments	Balance at Fiscal Year End
2005	\$ 111,256,504	\$ 27,796,465	\$ 21,239,238	\$ 117,813,731
2006	117,813,731	29,858,842	24,996,460	122,676,113

B. Group Accident and Health

Certain employees and retirees of the City contribute, through payroll deductions or deductions from pension payments, to the cost of group benefits. The remainder of the funds necessary is contributed by the City based upon the number of participants in the plan. As of September 30, 2006, the plan covered 2,206 active employees, 1,042 retirees and 1,682 employee-retiree dependent units. Costs of the plan for the 2006 fiscal year were \$24,996,460. The liability for the group accident and health program totaled \$4,193,419 at September 30, 2006 and is included in claims payable in the government-wide Statement of Net Assets.

NOTE 11. - PENSIONS

The City sponsors separate single employer defined benefit pension plans under the administration and management of separate Boards of Trustees: The City of Miami Fire Fighters' and Police Officers' Retirement Trust ("FIPO"), the City of Miami General Employees and Sanitation Employees' Retirement Trust ("GESE") and Other Managed Trusts, and the City of Miami Elected Officers' Retirement Trust (EORT).

Basis of Accounting

The financial statements for the Plans are prepared using the accrual basis of accounting. All plans are reported as pension trust funds in the City’s financial statements. Plan member contributions are

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recognized in the period which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

Method Used to Value Investments

Investments of the Plans are recorded at fair market value. Securities traded on a national exchange are valued at the last reported sales price on the last business day of the fiscal year. 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 value and mortgages are valued based on current market yield. Net appreciation (depreciation) in fair value of investments includes realized and unrealized gains and losses. Interest and dividends are reported as investment earnings. Realized gains and losses on the sale of investments are based on average cost.

FIPO

Plan Description

FIPO is a single employer defined benefit plan established by the City pursuant to the provisions and requirements of Ordinance No. 10002 as amended. Participants are contributing police officers and firefighters with full-time status in the Police and Fire Department of the City.

At October 1, 2005, the date of the most recent actuarial valuation, membership in the FIPO consisted of 1,743 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them; current employees equaled 1,455 as of that date.

Separate audited financial statements are provided for FIPO and can be obtained from the pension board at: FIPO, 1895 SW 3rd Avenue, Miami, Florida, 33129.

Pension Benefits

Effective October 1, 1998, members may elect to retire after 10 or more years of creditable service upon attainment of normal retirement age. Normal retirement age for members shall be 50 years of age. A member exercising normal service retirement or rule of 64 retirement (computation of service retirement on the basis of his or her combined age and creditable service equaling 64) shall be entitled to receive a retirement allowance equal to 3% of the member's average final compensation multiplied by the years of creditable service for the first 15 years of such creditable service and 3.5% of average final compensation for years of creditable service in excess of 15 years, payable in monthly installments. Early retirement after twenty years of service is available. Benefits for disability and death are also provided under the plan.

Cost of Living Adjustment (COLA)

Effective January 1, 1994, the FIPO Trust entered into an agreement with the City with regards to the funding methods, employee benefits, employee contributions and retiree COLA. Members no longer contribute to the original COLA account (COLA I); a new COLA account (COLA II) was established. The agreement included the following: (a) the funding method was changed to an aggregate cost method, (b) all accounts were combined for investment purposes (membership and benefit, COLA I, and COLA

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II), (c) retirees receive additional COLA benefits, and (d) active members no longer contribute 2% of pretax earnings to fund the original retiree COLA account (COLA I).

The COLA II account is funded annually by a percentage of the excess investment return from the COLA I account assets. The excess earnings contributed to the COLA II account are used to fund a minimum annual payment of \$2.5 million, increasing by 4% compounded annually. To the extent necessary, the City will fund the portion of the minimum annual payment not funded by the annual excess earnings no later than January 1 of the following year.

Benefits payable from the COLA accounts are computed in accordance with an actuarially based formula as defined in Section 40.204 of the City of Miami Code. Benefits are subject to review and modification in accordance with City of Miami Code Section 40.204, which provides that all other matters regarding the COLA accounts shall be determined by negotiations between the City, the Board of Trustees and the bargaining representatives of the International Association of Fire Fighters (IAFF) and the Fraternal Order of Police (FOP).

Deferred Retirement Option Plan (DROP)

Members who are eligible for service retirement or Rule of 64 after September 1998 may elect to enter the DROP for a maximum of 36 months prior to October 1, 2001. Effective October 1, 2001, maximum participation in the DROP for firefighters shall be 48 full months and for police officers who elect the DROP on October 1, 2003, or thereafter, maximum participation in the DROP shall be 48 full months.

A member's creditable service, accrued benefit and compensation calculation is frozen upon commencement of participation in the DROP; the participant's and City's contribution to the FIPO Trust for that participant ceases as the participant will not earn further creditable service for pension purposes. Effective October 1, 2001, firefighter DROP participants may also continue City employment for up to 48 months (36 months prior to October 1, 2001). Police officers who elect the DROP on or after October 1, 2003, may continue City employment for up to 48 full months (36 full months prior to October 1, 2003). No payment is made to or for the benefit of a DROP participant beyond that period. For persons electing participation in the DROP, an individual DROP account is created. Payment is made by the FIPO Trust into the employee's DROP account in an amount equal to the regular monthly retirement benefit, which the participant would have received had the participant separated from service and commenced receipt of pension benefits. Payments received by participants in the DROP accounts are tax deferred. A series of investment vehicles, as established by FIPO's Board of Trustees, are made available to DROP participants to choose from. Any losses, charges, or expenses incurred by the participant in his or her respective drop account are borne solely by the participant. Upon termination of employment, a member may receive distribution from the DROP account in the following manner: 1) lump sum, 2) periodic payments, 3) annuity, or 4) rollover of the balance to another qualified retirement plan. Any member may defer distribution until the latest date authorized by Section 401(a) (9) of the Internal Revenue Code.

DROP participants are not entitled to receive an ordinary or service disability retirement and in the event of death of a DROP participant, there is 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.

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The DROP of the FIPO Trust also consists of a Benefit Actuarially Calculated DROP (BACDROP). A member may elect to BACDROP to a date no further than the date of their retirement eligibility date. The BACDROP period must be in 12 months increments, beginning at the start of a pay period, not to exceed 48 full months for firefighters (36 months prior to October 1, 2001) and for police officers who elected DROP on October 1, 2003 (36 months prior to October 1, 2003). Participation in the BACDROP does not preclude participation in the forward DROP.

Contributions and Funding Policies

Members of FIPO are required to contribute 7% of their salary on a bi-weekly basis. The City is required to contribute such amounts annually as necessary to maintain the actuarial soundness of the plan and to provide FIPO with assets sufficient to meet the benefits to be paid to participants. Contributions to FIPO are authorized pursuant to City of Miami Code Sections 40.196 (a) and (b). Contributions to the FIPO Cost of Living Adjustment Accounts are authorized pursuant to Section 40.204 of the City of Miami Code. The City's contributions to FIPO provide for non-investment expenses and normal costs. The yield on investments on FIPO serves to reduce future contributions that would otherwise be required to provide for the defined level of benefits under the Trust.

The payroll for employees covered by FIPO for the year ended September 30, 2006 was approximately \$91.5 million; the City's total payroll was \$255,001,469.

Annual Pension Cost

The City's current year contribution was determined through an actuarial valuation performed as of October 1, 2005. Significant actuarial assumptions used to compute the annual contribution requirement are as follows:

Valuation date:	October 1, 2005
Actuarial cost method:	Aggregate Cost Method
Amortization method:	Not Applicable
Remaining amortization period:	Not Applicable
Asset valuation method:	Average of ratios of market book values as of current and four most recent September 30's. Average ratio is applied to book value at current September 30. The result cannot be greater than 120% or less than 80% of market value.

Actuarial assumptions

Investment rate of return:	7.75%
Projected salary increases due to inflation:	4.00%
Mortality table:	Ga94 - Mortality table
Mortality, disability, retirement and turnover:	Pension Benefit Guaranty Corporation (PBGC) Non-OASDI basis rate tables

FIPO contributions are determined using the aggregate cost method. The aggregate cost method does not identify and separately amortize the unfunded actuarial liabilities. The annual pension cost is equal to the annual required contribution each year.

Three Year Trend Information

Year Ended September 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2006	\$ 50,635,213	100%	\$ -
2005	\$ 45,545,130	100%	\$ -
2004	\$ 36,341,515	100%	\$ -

GESE

The Board of Trustees of the City of Miami General Employees’ and Sanitation Employees’ (GESE) Retirement Trust administers three defined benefit pension plans - (1) City of Miami General Employees’ and Sanitation Employees’ Retirement Trust (“GESE Trust”), (2) an Excess Benefit Plan for the City of Miami and (3) City of Miami General Employees’ and Sanitation Employees’ Retirement Trust Staff Pension Plan (“Staff Trust”). Each plan’s assets may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the plan.

Separate audited financial statements are provided for the GESE Plans and can be obtained from the pension board at: GESE, 2901 Bridgeport Avenue, Coconut Grove, Florida 33133.

City of Miami General Employees’ and Sanitation Employees’ Retirement Trust (GESE Trust)

Plan Description

The GESE Trust is a single employer defined benefit plan. The GESE Trust was established pursuant to the City of Miami Ordinance No. 10002 and subsequently revised under City of Miami Ordinance No. 12111. The GESE Trust covers all City of Miami general and sanitation employees except certain employees eligible to decline membership. Participation in the GESE Trust is a mandatory condition of employment for all regular and permanent employees other than fire fighters, police officers and those eligible to decline membership, as defined by the Ordinance.

At October 1, 2005, the date of the most recent actuarial valuation, membership in the GESE Trust consisted of 1,900 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them; current employees equaled 1,541 as of that date.

Pension Benefits

The minimum normal retirement age is 55. A member who has completed a combination of at least 10 or more years of creditable service plus attained age equaling 70 points may elect a rule of 70 retirement. Any member in service who has 10 or more years of continuous creditable service may elect to retire upon the attainment of normal retirement age. Retirement benefits are generally based on 3% of the average final compensation multiplied by years of creditable service, which is paid annually in monthly installments. Early retirement, disability, death and other benefits are also provided as defined in City of Miami Ordinance No. 12111.

Members eligible to receive accumulated sick and vacation leave from the City of Miami are able to transfer the amount to an eligible retirement plan. The GESE Trust facilitates the transfer of the accumulated sick and vacation leave to any eligible retirement plan and is pursuant to City of Miami Code Section 40-266.

Cost of Living Adjustment (COLA)

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Effective October 1, 1998, the Plan was amended to provide for an increase in the COLA paid to retirees to 4% with a \$400 annual maximum increase, provided the retiree's first anniversary of retirement has been reached. The amendment also provided for retirees electing the return of contribution option to receive a minimum COLA benefit of \$27 per year and a maximum COLA benefit of \$200 added to the previous COLA benefit, provided the retiree's first anniversary of retirement has been reached.

Deferred Retirement Option Plan (DROP)

The City of Miami General Employees' and Sanitation Employee's Retirement Trust made the DROP available to all GESE Trust members effective May 1, 2002. The DROP is an enhancement to the GESE Retirement Trust that can provide a trust member with another way to save for retirement. It allows a participant to receive pension payments by depositing in the DROP program while continuing to work and receive pay and benefits as an active employee. At the end of the DROP period, when the participant is officially required to retire, the participant receives monthly pension payments based on the years of service and salary at the time that the participant enrolled in the DROP. In addition, the participant also receives the accumulated DROP account balance. The DROP monies can also be rolled over into a tax-qualified plan such as an Individual Retirement Account (IRA) or 457(b) government sponsored deferred compensation plan.

Contributions and Funding Policies

Members of the GESE Trust are required to contribute 10% of their salary on a bi-weekly basis. The Trusts' funding policies provide for periodic contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to maintain the actuarial soundness of the Trust and to accumulate sufficient assets to pay benefits when due. The City is required to contribute an actuarially determined amount that, when combined with participants' contributions, will fully provide all benefits as they become payable. Contributions to the GESE Trust are authorized pursuant to City of Miami Code Section 40-241 (a) and (b). Contributions from the City are designed to fund the GESE Trust's non-investment expenses and normal costs and to fund the unfunded actuarial accrued liability. The yield (interest, dividends, and net realized and unrealized gains and losses) on investments of the Trust serves to reduce or increase future contributions that would otherwise be required to provide for the defined level of benefits under the GESE Trust.

The payroll for employees covered by the GESE Trust for the year ended September 30, 2006 was approximately \$71.5 million; the City's total payroll was \$255,001,469.

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Annual Pension Cost

The City’s current year contribution was determined through an actuarial valuation performed as of October 1, 2005. Significant actuarial assumptions used to compute the annual contribution requirement are as follows:

Valuation date:	October 1, 2005
Actuarial cost method:	Modified entry age normal
Amortization method:	Level dollar amount, closed
Remaining amortization period:	13-19 years
Asset valuation method:	Moving market value of assets averaged over 3 years
<u>Actuarial assumptions</u>	
Investment rate of return:	8.10%
Projected salary increases:	5.00%
Includes inflation at:	3.50%
Cost of living adjustments:	4% per year, with \$54 per year minimum and \$400 per year maximum.

GESE Trust contributions are determined using the entry age normal cost method with frozen actuarial accrued liability. The annual pension cost is equal to the annual required contribution each year.

Three Year Trend Information

Year Ended September 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2006	\$ 22,018,443	100%	\$ -
2005	\$ 19,003,415	100%	\$ -
2004	\$ 10,669,846	100%	\$ -

GESE Excess Benefit Plan

Plan Description

The City of Miami Commission, in July 2000, pursuant to applicable Internal Revenue Code provisions, established a qualified governmental excess benefit plan to continue to cover the difference between the allowable pension to be paid and the amount of the defined benefit so the benefits for eligible members are not diminished by changes in the Internal Revenue Code. The Board of Trustees of the Trust administers the excess benefit plan. Plan members are not required to contribute to the Excess Benefit Plan. Members of the GESE Trust participate in this Plan.

At October 1, 2005, the date of the most recent actuarial valuation, membership in the Excess Benefit Plan consisted of 44 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and no current employees.

Contributions and Funding Policies

The payment of the City’s contribution of excess retirement benefits for eligible members of the Plan above the limits permitted by the Internal Revenue Code is: (a) funded from the City’s General Fund, (b) paid annually concurrently with the City’s annual contribution to normal pension costs which causes the City to realize a reduction in normal pension costs in the same amount, and (c) deposited in a separate account established specifically for the GESE Trust to receive the City’s excess retirement benefit

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

contributions. This account is separate and apart from the accounts established to receive the City’s normal pension contributions for the GESE Trust. The City is required to contribute amounts as benefits become payable.

The payroll for employees covered by the Excess Benefit Plan for the year ended September 30, 2006 was approximately \$71.5 million; the City's total payroll was \$255,001,469.

Annual Pension Cost and Net Pension Obligation

The City’s current year contribution was determined through an actuarial valuation performed as of October 1, 2005. Significant actuarial assumptions used to compute the annual contribution requirement are as follows:

Valuation date:	October 1, 2005
Actuarial cost method:	Modified entry age normal
Amortization method:	Level dollar amount, closed
Remaining amortization period:	25 years
Asset valuation method:	Not Applicable
<u>Actuarial assumptions</u>	
Investment rate of return:	8.10%
Projected salary increases	5.00%
Includes inflation at:	3.50%
Cost of living adjustment	None

GESE Excess Plan contributions are determined using the entry age normal cost method with frozen actuarial accrued liability.

Three Year Trend Information

Year Ended September 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2006	\$ 780,748	100%	\$ 3,583,015
2005	\$ 782,007	100%	\$ 3,265,393
2004	\$ 1,136,002	100%	\$ 2,958,462

The City’s annual pension cost and net pension obligation to the GESE Excess Plan for the current fiscal year was as follows:

Annual required contribution	\$ 824,766
Interest on net pension obligation	264,497
Adjustment of annual required contribution	<u>(308,515)</u>
Annual pension cost	780,748
Contributions made	<u>(463,126)</u>
Increase in net pension obligation	317,622
Net pension obligation, beginning of year	3,265,393
Net pension obligation, end of year	<u><u>\$ 3,583,015</u></u>

City of Miami General Employees' and Sanitation Employees' Retirement Trust (Staff Trust)

Plan Description

The Staff Trust is a single employer defined benefit plan. The Staff Trust was established by the rule making authority of the GESE Retirement Trust, pursuant to Chapter 40 of the Miami City Code. The Staff Trust covers all administrative full time employees and other positions as may be named by the Board of Trustees. Participation in the Staff Trust is a mandatory condition of employment for all full time employees, other than those eligible to decline membership, as defined by the Plan document.

At October 1, 2005, the date of the most recent actuarial valuation, membership in the Staff Trust had no retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them; current employees equaled 10 as of that date.

Pension Benefits

Any member who has 10 or more years of continuous creditable service may elect to retire, regardless of age. Retirement benefits are generally based on 3% of the average final compensation multiplied by years of creditable service, which is paid annually in monthly installments.

Contributions and Funding Policies

Members of the Plan are required to contribute 10% of their salary on a bi-weekly basis. The funding policies of the Plan provide for periodic contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to maintain the actuarial soundness of the Trust and to accumulate sufficient assets to pay benefits when due. The City is required to contribute an actuarially determined amount that, when combined with participants' contributions, will fully provide all benefits as they become payable. The yield (interest, dividends, and net realized and unrealized gains and losses) on investments of the Staff Trust serves to reduce or increase future contributions that would otherwise be required to provide for the defined level of benefits under the Staff Trust.

The payroll for employees covered by the Staff Trust for the year ended September 30, 2006 was approximately \$455,200; the City's total payroll was \$255,001,469.

Annual Pension Cost

The City's current year contribution was determined through an actuarial valuation performed as of October 1, 2005. Significant actuarial assumptions used to compute the contribution requirements are as follows:

Valuation date:	October 1, 2005
Actuarial cost method:	Modified entry age normal
Amortization method:	Level dollar amount, closed
Remaining amortization period:	12 - 26 years
Asset valuation method:	Moving market value of assets averaged over 3 years
<u>Actuarial assumptions</u>	
Investment rate of return:	8.10%
Projected salary increases:	6.00%
Includes inflation at:	3.50%
Cost of living adjustments:	None

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Staff Trust contributions are determined using the entry age normal cost method with frozen actuarial accrued liability. The annual pension cost is equal to the annual required contribution each year.

Three Year Trend Information			
Year Ended September 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2006	\$ 72,380	100%	\$ -
2005	\$ 99,779	100%	\$ -
2004	\$ 98,044	100%	\$ -

Elected Officers Retirement Trust (EORT)

Plan Description

The City’s elected officials participate in a single employer defined benefit pension plan under the administration and management of a separate Board of Trustees, the City of Miami Elected Officers’ Retirement Trust (“EORT”). Under the EORT Plan, eligibility requires 7 years of total service as an elected official of the City to be vested without requiring that such service be continuous. This plan is non-contributory.

The City of Miami Commission, in July 2000, pursuant to applicable Internal Revenue Code provisions, established qualified governmental excess benefit plans to continue to cover the difference between the allowable pension to be paid, and the amount of the defined benefit, so the benefits for eligible members are not diminished by changes in the Internal Revenue Code. The Plan EORT Fiduciary administers the excess benefit plan.

At December 31, 2005, the date of the most recent actuarial valuation, membership in the EORT consisted of 5 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them; current employees equaled 6 as of that date.

The EORT does not issue separate financial statements.

Pension Benefits

Benefits accrue for City Commissioners at the rate of 50% of the highest annual W-2 wages in the last three years of employment after 7 years of service as an elected official of the City plus 5% for each additional year up to 100% at 17 or more years of service. An active participant will be fully vested upon death and a single sum death benefit is payable.

Contributions and Funding Policies

Funding is in level payments under the individual aggregate cost method. Assets are allocated first to the nonactive participants, then to the active participants based on their accrued liability. The unfunded present value of future benefits is determined for each individual and spread over their expected future working lifetime with the City. All funding is provided by the City. There are no participant contributions to the Trust.

The payroll for employees covered by EORT for the year ended September 30, 2006 was approximately \$671,000; the City's total payroll was \$255,001,469.

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

Annual Pension Cost

The City's current year contribution was determined through an actuarial valuation determined as of December 31, 2005. Significant actuarial assumptions used to compute the annual contribution requirement are as follows:

Valuation date:	December 31, 2005
Actuarial cost method:	Individual Aggregate Cost Method
Amortization method:	Not Applicable
Remaining amortization period:	Not Applicable
Asset valuation method:	September 30 market value projected to December 31
<u>Actuarial assumptions</u>	
Investment rate of return:	6.00%
Projected salary increases:	
Inflation:	N/A
Merit, longevity, etc:	N/A
Mortality table:	1983 male group annuity mortality table without setback
Disability, turnover and retirements:	No disability or turnover assumed. Retirement is assumed at the end of the current term or 100% vested.

EORT contributions are determined using the aggregate cost method. This method does not separately identify and amortize unfunded actuarial liabilities. The following contributions were made to EORT in accordance with actuarially determined contribution requirements, based on the actuarial valuation performed for each respective year: The annual pension cost is equal to the annual required contribution each year. As such, the three year trend information is combined with the six year required supplementary information as follows:

Year Ended	Annual Pension Cost		Percentage	Net Pension
September 30	(APC) and Annual	Required Contribution	Contributed	Obligation
2006	\$	1,043,209	100%	\$ -
2005	\$	300,000	100%	\$ -
2004	\$	300,000	100%	\$ -
2003	\$	265,287	100%	\$ -
2002	\$	220,837	100%	\$ -
2001	\$	449,086	100%	\$ -

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

The EORT does not issue separate stand-alone financial statements, and therefore, included below is the Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets for the year ended September 30, 2006:

**City of Miami, Florida
Elected Officers' Retirement Trust
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2006**

Assets	
Cash and Short-Term Investments	\$ 175
Investments, at fair value	
U.S Government Obligations	2,669,172
Money Market Funds and Commerical Paper	572,818
Total Investments	3,241,990
Total Assets	3,242,165
Net Assets	
Held in Trust for Pension Benefits	\$ 3,242,165

**City of Miami, Florida
Elected Officer's Retirement Trust
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended September 30, 2006**

Additions	
Contributions:	
Employer	\$ 1,043,209
Investment Earnings:	
Interest	104,603
Total Additions	1,147,812
Deductions	
Benefits	142,885
Total Deductions	142,885
Change in Net Assets	1,004,927
Net Assets - Beginning of Year	2,237,238
Net Assets - End of Year	\$ 3,242,165

Special Benefit Plans

Certain executive employees of the City are allowed to join the ICMA Retirement Trust's 401(a) plan. This defined contribution deferred compensation plan, which covers governmental employees throughout the country, is governed by a Board of Directors responsible for carrying out the overall management of the organization, including investment administration and regulatory compliance. Membership for City employees is limited by the City Code to specific members of the City Clerk, City Manager, and City Attorney's offices, Department Directors, Assistant Directors, and other executives. To participate in the plan a written trust agreement must be executed, which requires the City to contribute 8% of the individual's earnable compensation, and the employee to contribute 10% of their salary. Participants may withdraw funds at retirement or upon separation based on a variety of payout options.

The following information relates to the City participation in this plan:

Total current year's payroll for all employees	\$	255,001,469
Current year's payroll for participating employees	\$	5,996,352
Current year employer contributions	\$	641,980

In addition to coverage under the FIPO Pension Plan, City of Miami fire fighters 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 two plans are funded solely from the proceeds of certain excise taxes levied by the City and imposed upon property and casualty insurance coverage within the City limits. This tax, which is collected from insurers by the State of Florida, is remitted directly to the plans' Boards of Trustees. The City is entitled to levy such excise taxes solely for the use of the money purchase benefit plans as long as the minimum benefit provisions of Florida Statutes, Chapters 175 and 185 are met by FIPO. The City is currently under no obligation to make further contributions to the plans. The total of such excise taxes received from the State of Florida and remitted to the plans was \$11,107,243 for the year ended September 30, 2006. Accordingly, these monies are recorded as pass through funds in the City's financial statements. Benefits are allocated to the participants based upon their service during the year and the level of funding received during said year. Participants are fully vested after nine years of service. Upon termination of service, a participant may elect to receive one of three options: 1) a lump sum payment, 2) five substantially equal payments, or 3) 10% or more in the first year and the remainder in any way over the next four years. The total must be paid out within five years.

NOTE 12. - POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City offers to its retiree's comprehensive medical coverage and life benefits through the City's self-insurance plan. This plan was established in accordance with Florida State Statute Section 112.0801 "Group Insurance: Participation by Retired Employees". Substantially all of the City's general employees and firefighters may become eligible for those benefits when they reach normal retirement age while working for the City (approximately 1,042 of the 3,248 covered participants are retirees). The City's cost of the post-employment health benefits, funded on a pay-as-you-go basis, was approximately \$3,452,055 for the year ended September 30, 2006.

The Fraternal Order of Police (FOP) sponsors a Health Insurance Trust that is partially self-insured, which provides life, health, and accidental death and dismemberment insurance to substantially all full-

time sworn members of the City of Miami Police Department, eligible retirees, their families and beneficiaries. The Trust receives a significant source of its funding from the City, pursuant to the terms of a collective bargaining agreement. The agreement requires the City to reimburse the FOP Health Trust an amount that is required to bring the Trust's available fund balance to \$2.35 million. The City funded its contribution under terms of the agreement in the amount of \$1,810,962 for the current year.

NOTE 13. - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Commitments and Contingencies

In September 1998, the City of Miami entered into a joint participation agreement with Miami-Dade County regarding a \$25 million United States Housing and Urban Development Section 108 loan for the construction of Parrot Jungle Island & Gardens. The agreement required the City to assume 80% of the guarantee of the loan contingent upon certain conditions precedent. The conditions precedent, among other things, included provisions that the Parrot Jungle Island & Gardens loan be both current and not in default at the time the City assumes its guarantee and that Miami-Dade County deliver to the City of Miami loan documents that have been properly assigned, endorsed and transferred without recourse to the City. These conditions precedent have not been met. As a result, the City's position is that it has no legal obligation to assume any of the guarantee on the Section 108 Loan. Notwithstanding the legal issues, the City and the County are currently negotiating a number of issues which include a settlement of the Parrot Jungle dispute.

During the current fiscal year, the City made a payment to Miami-Dade County in the amount of \$1,356,731, representing eighty percent (80%) of the Section 108 Loan payment due by the County to U.S. HUD on August 1, 2006 as a good faith gesture related to on going negotiations.

The City participates in a number of Federal and State assisted programs. These programs are subject to audit under the requirements of the Single Audit Act and Chapter 10.650, Rules of the Auditor General. The City anticipates no material adverse findings.

Litigation

The City's claim administrator along with the City attorney has reviewed the status of the City's claims and has determined, except for the cases disclosed below, the liability reflected for claims in the government-wide statements is sufficient to satisfy any resulting payment.

Circuit Court Case No. 06-23084 CIV is the result of an in-custody death. Plaintiffs claim the City of Miami and the Chief of Police denied the plaintiff's civil rights by allegedly using excessive force. The exposure on this case is unlimited, but a verdict against the defendants could easily exceed \$5,000,000. Additionally, the Plaintiffs would be entitled to attorneys fees if they prevail.

In U.S. District Court Case No. 03-21072 CIV, claimant is alleging that he was coerced into confessing to capital crimes, falsely accused, influenced into pleading guilty, convicted and imprisoned wrongfully until his convictions were set-aside and he was released. Dispositive motions to dismiss have been filed and were denied. The individual officers have filed a qualified immunity appeal. Trial is set for August 20, 2007. This claim presents a potential exposure between \$1,000,000 and \$5,000,000.

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

County Court Case No. 05-12825 SP 05 is the result of the arrest of Miriam Donner for breach of the peace. The court has already ruled that Donner was wrongfully arrested and incarcerated by the City of Miami Police, and thus the Court determined as a matter of law that the City of Miami and the arresting officer are liable for Plaintiff's false arrest and false imprisonment, and that the Defendants violated Plaintiff's 4th amendment rights in violation of §1983. Since the filing of the original complaint in 1976, there have been numerous trials and appeals approaching 30 years of litigation. Appalachian Insurance Company is named as a defendant since under the law in effect at the time Plaintiff's cause of action arose; it was permissible to effect direct joinder of insurer as defendant. Appalachian Insurance Company has retained the firm of Kubicki Draper to represent Appalachian, police officer Vernon Hetherington, and the City of Miami, subject to its reservation of rights. Plaintiff has prevailed on most of her motions for partial summary judgment on the issue of liability. The court has determined as a matter of law that the Defendants are liable for Plaintiff's false arrest and that the Defendants violated the Plaintiff's 4th Amendment rights. The only issue remaining is damages. The City's potential exposure is in excess of \$50,000.

In Circuit Court Case No. 05-186 AP, Morningside Development LLC is appealing the City Commission decision which denied a Class II Special Permit to the Plaintiff Developer for land located within the City limits. The Circuit Court hearing the appeal quashed the City Commission denial and remanded the case back to the Commission for another public hearing. During the 2005 fiscal year, the Plaintiff's counsel sent Bert Harris Claim letters, per Sec. 70.001, Fla. Stat., under the Bert J. Harris Private Property Rights Protection Act, to the effect that if the City on remand makes the same or similar decision, Morningside will institute a Bert Harris claim for this property being "inordinately burdened". A Circuit Court decision was rendered earlier this year to remand the case back to the City Commission to hold another public hearing relative to this project. That public hearing was held and the City Commission approved a less dense and tall structure than was requested by the Developer. That is, the Developer was not denied a permit but the permit granted was for a smaller project. The Developer was dissatisfied with the new City Commission decision and has appealed it to the Circuit Court. The current appeal is pending. The status of the Developer threatening a Bert J. Harris claim per the earlier letters as report last year has not changed. The claim presents a potential maximum exposure to the City of \$1,000,000.

There are three lawsuits involving Wynwood Community Economic Development Corporation. In case No. 94-12875 CA 25, Wynwood alleges that the City breached a settlement agreement by, among other things, failing to provide Community Development Block Grant funding for the development of a foreign trade zone, which alleged caused Wynwood to sustain a financial injury. The City filed a mortgage foreclosure action in Case No. 99-13742 CA 25, as a result of the failure of Dade Foreign Trade Zone, Inc., to make payments on the mortgage securing Community Development Block Grant funding. This action has been consolidated with Case No. 94-12875 CA 25. In pretrial motions, the Court ruled that Plaintiff is not entitled to monetary damages. The Court entered an order denying foreclosure and awarding attorneys fees to plaintiffs. These fees could exceed \$900,000. On appeal, the trial judgment was affirmed. Attorneys fees, interest and costs sought by Plaintiff exceeds \$900,000. Proceedings are now in bankruptcy and the issue of costs and fees will probably be addressed in that forum. In the federal action, Case No. 00-4680-CIV-Lenard, Wynwood alleges that the City discriminated against it on the basis of national origin by denying Community Development Block Grant funding, delivering a defective property deed, and abridging privileges and immunities secured by the federal Constitution. A motion to dismiss the complaint is pending. This matter has been stayed pending the outcome of the state court litigation. The financial exposure for these cases is \$7.4 million, representing claimed consequential damage in the federal case and attorneys fees and costs in the foreclosure case. The City has established a reserve in the amount of \$1,000,000.

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

An environmental claim is presently being asserted by the United States of America involving an alleged disposal by the City of Miami Fire Department's service garage of 280 gallons of waste oil to Petroleum Products Corporation on November 25, 1972. The City has joined the group of Potentially Responsible Parties, and has entered into a Consent Decree with EPA on the first phase of a three-phased approach to the cleanup of the site.

The Nagymahali and Maszta matters are a class action challenge to the City of Miami Fire Rescue Assessment Ordinance. The challenge contends that the statute and ordinance are unconstitutional as authorizing assessments for emergency medical service costs, and therefore, the assessment is an unconstitutional tax on real property. The Florida Supreme Court held in the *City of North Lauderdale v. SMM Properties, Inc.*, that a similar ordinance based on the same statute was unconstitutional to the extent it included a charge for emergency medical services. The original plaintiffs filed claims against the fire rescue assessments levied for fiscal years 1997-1998, and 1998-1999. Interveners, who have now replaced the original named plaintiffs, have recently asked leave of the court to file claims against the Fire Rescue Assessment levied for fiscal year 1997-1998 as well as fire assessments levied for all subsequent fiscal years. The City has a reasonable belief that it can successfully defend against claims that the fire assessments levied for fiscal year 2002-2003, and subsequent years are void based on the Florida Supreme Court opinion in *City of North Lauderdale v. SMM Properties, Inc.* finding that assessments for fire protection and related services are constitutional. The City also believes that a twenty day time limit established by ordinance and resolution will bar claims that the assessments were wrongly apportioned for all assessments through the current fiscal year.

Although the City Commission thought it approved a class-wide settlement of this class action claim in late 2004 in the amount of \$7 million (\$3.5 million of which was paid in December 2004), after learning that the class was never certified and that the \$7 million would be paid to 5 individuals, the City retained outside counsel for the purpose of setting aside the settlement, and recouping the \$3.5 million already paid. On March 17, 2006, the Court granted the City's Motion to Set Aside the Settlement and thereby ordered the original plaintiffs and counsel to disgorge and return the sum of \$3.5 million to an interest bearing account under the Court's supervision. The original plaintiffs moved to stay the judgment, amend the judgment, and modify the terms of disgorgement. The City filed an extensive motion to hold the original plaintiffs and counsel jointly and severally liable.

On April 21, 2006, the Judge entered a final judgment in the City's favor. Special counsel will be setting up a bank account at Northern Trust per Judge Lopez's Order. The final judgment did not include Adorno & Yoss, LLP. The final judgment required the four original Plaintiffs to return amounts disbursed. \$1,611,843 of the City's money has already been returned.

The original Plaintiffs and their lawyers appealed the March 17, 2006 order. Two of the original Plaintiffs lawyers appealed the same order. As a result, the individual Plaintiffs who received the first \$3.5 million sued for breach of contract. That litigation is the Adorno & Yoss, LLP, matter.

Although the City believes the appropriate amount of the refund should be \$3,931,451, the City's exposure is much higher. The Court could also rule that the methodology the City chose is incorrect, and another methodology should be utilized. Given the number of legal issues and rulings that need to be resolved and the difficulty the City may have in tracing where the assessments monies were allocated, the City believes its potential exposure is approximately \$12 million to \$15 million. Due to the uncertainty

involved with this pending litigation, the City has reserved \$12 million pending the outcome of this class action challenge.

NOTE 14. – SUBSEQUENT EVENTS

Swap Transaction:

On November 27, 2006, the City issued \$30,615,000, City of Miami, Florida Non-Ad Valorem Variable Rate Refunding Revenue Bonds, Taxable Pension Series 2006 Bonds. The Series 2006 Bonds were issued for the purpose of refunding a portion of the outstanding \$62,135,000 City of Miami, Florida Non-Ad Valorem Revenue Taxable Pension Bonds Series 1995. The reason for the issuance of the bonds was because the City entered into Swaption agreement on November 15, 2004 with Morgan Stanley whereby they had the option to refinance the above portion of the Series 1995 bonds with floating rate debt. The City would then pay a fixed rate and receive a floating rate. On November 27, 2006 Morgan Stanley exercised the option.

As of September 30, 2006, the swaption had a negative fair market value of \$932,389. The negative balance signifies the amount the City would have to pay to the counterparty (Morgan Stanley) if the City chose to terminate the swaption at that date. The City chose not to terminate the swaption and Morgan Stanley exercised their option on November 27, 2006 and entered into an interest rate swap with the City. The structure of the swaption was such that the City would pay a specified fixed rate of 6.43% and receive a floating rate based on the One Month LIBOR in exchange for annual option premium payments of \$250,000 from December 1, 2006 through December 1, 2026 from Morgan Stanley.

The execution of the swap on November 27, 2006 by Morgan Stanley exposed the City to Basis and Termination risk. Basis risk, under the swap agreement is based on payments the City received (% of the one month LIBOR) compared to the payments the City pays to the bondholders. If the City pays out more than it receives in this exercise, the City is then subject to Basis Risk. With Termination Risk under the swap agreement, the City or the counterparty has the right to optionally terminate the agreement at any time. The termination amount owed by either the City or the Counterparty is determined by market quotation at the time of termination; if the swap has a negative fair value the City is liable to the Counterparty for a payment equal to the Swap's fair value.

Fire Assessment:

On October 17, 2006 in the Nagymahali and Masztal matters (see Note 13), the Third District Court of Appeal entered an order addressing three distinct issues that were pending before the Court:

1. First and foremost, the Court issued an Order stating that “appellant motion for stay is granted pending further order of this Court. This cause is remanded to the trial court to set appropriate bond”. This Order is an extremely important victory for the City. The Motion for Stay requested that the Court enter a stay pending the outcome of the appeal, without the parties having to post a bond or disgorge any of the funds they have not yet disgorged the money. If they fail to post a bond, we interpret this Order as permitting the City to execute on the judgment.

CITY OF MIAMI, FLORIDA
NOTES TO FINANCIAL STATEMENTS

2. The Court granted Appellants Eva Nagymihaly, Jean Robert Prosper, Jocelyn Prosper, Kenneth Merker and Gordon Willits, and Adorno & Yoss, LLP's Motion for extension of time to file the initial brief and to reestablish uniform briefing schedule, which was initially proposed by the City. There were several appeals initially filed, with each having different schedules for filing briefs for the Court's consideration. The uniform briefing schedule sets forth a single set of deadlines for the filing of the various briefs. This will avoid the City having to respond to multiple, duplicative briefs from the various appellants.
3. The City previously filed a Motion to Dismiss the Appeal of Kenneth Merker for Lack of Jurisdiction. The Court has ruled that this issue will be "carried with the case". This requires that the parties address this issue in their briefs and the Court will rule upon it when all briefing is concluded.

On December 5, 2006, Judge Rodriguez, entered an Order denying the City's Motion to Dismiss the counts that sought relief for Fiscal Years 2000-2001 through the present. The new Plaintiffs in the Second Amended Complaint are seeking a refund and apportionment for the Fiscal Years 1997-1998 through 2005-2006. Additionally, they have sought to amend and seek relief for the Fiscal Year 2006-2007. New Plaintiffs now claim the City's exposure is not the amount of assessments collected from Fiscal Year 1997-1998 to 1999-2000, it is all assessments collected. This ruling will also make discovery more onerous. The City will now have to respond to discovery for all fiscal years, not just the first three when the City had a fire rescue assessment. Notwithstanding this latest ruling, the City remains confident that they will still prevail on these issues, but it will have to be at the summary judgment stage. Even before the Supreme Court's ruling in 2002, in the City of North Lauderdale case, the City of Miami, starting in FY 2000-2001, modified the assessment to collect a "fire assessment" only as opposed to a "fire-rescue" assessment. Thus, any refund that might be required either by judicial determination or settlement negotiations should only pertain to the three years of collection of the "fire rescue" assessment (FY 97-98, 98-99, 99-00). The total assessment collected for those three years is \$27,478,283. The City maintains that the portion of the total assessment collected for those three years that would meet the criteria for a refund are only those funds that were specifically expended on EMS costs.

ERP Agreement:

The City anticipates non-binding mediation regarding the costs of delays in the connection with the Enterprise Resource Planning Software Systems Integrator Agreement (the "ERP Agreement") between the City and Solbourne Computer, Inc. ("Solbourne"). In January 2007, Solbourne contended that the amount in dispute that would be owed by the City is approximately \$3.2 million. The City contends that if any amount is owed for delays under the fixed price ERP Agreement, such amount may be approximately \$800,000 to \$1 million.

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Property Taxes	\$ 213,896,609	\$ 213,896,609	\$ 214,329,257	\$ 432,648
Franchise and Other Taxes	34,358,226	34,858,226	41,342,214	6,483,988
Licenses and Permits	23,536,650	25,186,650	28,468,593	3,281,943
Fines and Forfeitures	4,475,500	4,475,500	5,175,457	699,957
Intergovernmental Revenues	39,354,366	49,161,609	53,266,529	4,104,920
Charges for Services	84,007,650	85,237,484	91,980,596	6,743,112
Interest	7,571,000	7,571,000	11,144,320	3,573,320
Other	1,258,600	5,358,600	5,563,166	204,566
Total Revenues	408,458,601	425,745,678	451,270,132	25,524,454
Expenditures:				
General Government				
Mayor	820,493	901,661	886,288	15,373
Board of Commissioners	1,790,000	2,000,000	1,754,288	245,712
Office of City Manager	2,288,749	2,288,749	2,025,040	263,709
Office of City Clerk	2,006,118	2,036,598	1,813,187	223,411
Office of Civil Service	358,336	410,397	362,437	47,960
Office of Auditor General	883,770	883,770	565,725	318,045
Office of Communications	937,792	949,133	935,416	13,717
Employee Relations	4,689,250	4,796,077	3,876,397	919,680
Information Technology	14,978,369	14,978,369	12,848,627	2,129,742
Law	6,224,609	6,224,609	5,040,775	1,183,834
Office of Strategic Planning, Budgeting & Performance	1,624,172	1,624,172	1,489,686	134,486
Purchasing	1,498,363	1,498,363	1,254,343	244,020
Office of Hearing Boards	1,096,411	1,096,411	904,815	191,596
Finance	5,587,507	5,668,991	5,052,241	616,750
Total General Government	44,783,939	45,357,300	38,809,265	6,548,035
Planning and Development				
Building	6,932,629	7,293,629	6,672,018	621,611
Department of Planning	2,892,729	2,906,462	1,961,281	945,181
Office of Zoning	866,774	955,774	807,460	148,314
Total Planning and Development	10,692,132	11,155,865	9,440,759	1,715,106
Public Works				
Solid Waste	22,277,929	22,537,929	20,805,632	1,732,297
General Service Administration	17,311,914	17,992,627	16,704,991	1,287,636
Public Works	15,188,389	15,188,389	13,063,285	2,125,104
Total Public Works	54,778,232	55,718,945	50,573,908	5,145,037
Public Safety				
Fire- Rescue	64,541,119	70,488,704	70,941,686	(452,982)
Police	112,104,125	120,617,831	116,996,410	3,621,421
Total Public Safety	176,645,244	191,106,535	187,938,096	3,168,439
Public Facilities				
Parks and Recreation	7,659,326	8,322,827	7,355,457	967,370
Risk Management	17,519,645	16,763,971	15,111,916	1,652,055
	51,551,812	34,263,573	25,546,486	8,717,087
Pensions				
G.E.S.E. Pension	25,245,326	25,245,326	24,906,062	339,264
F.I.P.O. Pension	52,413,917	52,440,917	52,271,761	169,156
Elected Officials & Administrators Pension	1,985,073	1,682,373	1,686,934	(4,561)
Total Pension	79,644,316	79,368,616	78,864,757	503,859
Organizational Support				
Non-Departmental	9,519,114	26,455,117	25,161,646	1,293,471
	11,556,891	7,493,023	13,204,324	(5,711,301)
Total Expenditures	464,350,651	476,005,772	452,006,614	23,999,158
Excess (Deficiency) of Revenues Over Expenditures	(55,892,050)	(50,260,094)	(736,482)	49,523,612
Other Financing Sources (Uses):				
Transfers In	51,628,734	53,939,513	52,097,226	(1,842,287)
Transfers Out	(27,777,519)	(36,501,755)	(42,209,286)	(5,707,531)
Total Other Financing Sources (Uses)	23,851,215	17,437,758	9,887,940	(7,549,818)
Net Change in Fund Balance	(32,040,835)	(32,822,336)	9,151,458	41,973,794
Fund Balance - Beginning of Year	32,040,835	32,822,336	117,105,055	84,282,719
Fund Balance - End of Year	\$ -	\$ -	\$ 126,256,513	\$ 126,256,513

The accompanying notes are an integral part of the required supplementary information.

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Community Development
For The Year Ended September 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Intergovernmental Revenues	\$ 31,717,093	\$ 65,460,475	\$ 31,446,915	\$ (34,013,560)
Charges for Services	-	-	2,398,106	2,398,106
Interest	-	-	920,512	920,512
Other	60,000	36,946	1,391,448	1,354,502
Total Revenues	<u>31,777,093</u>	<u>65,497,421</u>	<u>36,156,981</u>	<u>(29,340,440)</u>
Expenditures:				
Current Operating:				
Community Development	33,605,193	70,687,625	40,978,910	29,708,715
Total Expenditures	<u>33,605,193</u>	<u>70,687,625</u>	<u>40,978,910</u>	<u>29,708,715</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,828,100)</u>	<u>(5,190,204)</u>	<u>(4,821,929)</u>	<u>(368,275)</u>
Other Financing Sources (Uses):				
Transfers In	1,828,100	6,376,600	7,097,380	720,780
Transfers Out	-	(5,959,660)	(2,336,185)	3,623,475
Loan	-	-	1,000	1,000
Total Other Financing Sources (Uses)	<u>1,828,100</u>	<u>416,940</u>	<u>4,762,195</u>	<u>4,345,255</u>
Net Change in Fund Balance	-	(4,773,264)	(59,734)	4,713,530
Fund Balance - Beginning of Year	-	4,773,264	5,784,011	1,010,747
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,724,277</u>	<u>\$ 5,724,277</u>

The accompanying notes are an integral part of the required supplementary information.

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Fire Rescue Services
For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 21,216,975	\$ 20,790,717	\$ 52,074,360	\$ 31,283,643
Charges for Services	3,522,814	3,522,814	3,581,860	59,046
Interest	-	-	49,813	49,813
Other	57,000	257,000	167,949	(89,051)
Total Revenues	<u>24,796,789</u>	<u>24,570,531</u>	<u>55,873,982</u>	<u>31,303,451</u>
Expenditures:				
Current Operating:				
Public Safety	25,972,352	22,908,718	57,790,784	(34,882,066)
Total Expenditures	<u>25,972,352</u>	<u>22,908,718</u>	<u>57,790,784</u>	<u>(34,882,066)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,175,563)</u>	<u>1,661,813</u>	<u>(1,916,802)</u>	<u>(3,578,615)</u>
Other Financing Sources (Uses):				
Transfers In	-	197,276	6,182,696	5,985,420
Transfers Out	-	(3,459,802)	(3,459,802)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(3,262,526)</u>	<u>2,722,894</u>	<u>5,985,420</u>
Net Change in Fund Balance	(1,175,563)	(1,600,713)	806,092	2,406,805
Fund Balance - Beginning of Year	1,175,563	1,600,713	674,961	(925,752)
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,481,053</u>	<u>\$ 1,481,053</u>

The accompanying notes are an integral part of the required supplementary information.

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Public Services Tax
For The Year Ended September 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Franchise and Other Taxes	\$ 62,323,986	\$ 62,736,184	\$ 56,900,497	\$ (5,835,687)
Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	62,323,986	62,736,184	56,900,497	(5,835,687)
Other Financing Uses:				
Transfers Out	(62,323,986)	(62,736,184)	(62,736,184)	-
Net Change in Fund Balance	-	-	(5,835,687)	(5,835,687)
Fund Balance - Beginning of Year	-	-	11,163,234	11,163,234
Fund Balance - End of Year	\$ -	\$ -	\$ 5,327,547	\$ 5,327,547

The accompanying notes are an integral part of the required supplementary information.

CITY OF MIAMI, FLORIDA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2006

NOTE 1. - BUDGETARY POLICY

A. BUDGET POLICY

The City Commission annually adopts an operating budget ordinance for all governmental funds of the City, except for the Capital Projects Funds. The Capital Projects Funds are budgeted on a total project basis for which annual budgets are not available. For governmental funds, budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America.

B. BUDGET-LEGAL COMPLIANCE

The City follows these procedures in establishing the budgetary data reflected in the accompanying financial statements:

- Prior to August 31st, the City Manager submits to the City Commission a proposed operating budget by fund, except for the General Fund, which is at the departmental level, for the fiscal year commencing the upcoming October 1st. The operating budget includes proposed expenditures and the means of financing them.
- The Mayor prepares and delivers a budgetary address annually to the people of the City between July 1st and September 30th.

Such report is prepared after consultation with the City Manager.

- Public hearings are conducted to obtain taxpayer comments.
- Prior to October 1st, the budget is legally enacted through the passage of an ordinance and adoption of the budget report.
- Management may not make changes to the adopted budget without the approval of a majority vote of the Commission.
- The Commission may transfer among departments any part of an unencumbered balance of an appropriation to a purpose for which an appropriation for the current year has proved insufficient. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and is subject to future appropriations.
- Budgets are monitored at varying levels of classification detail, however, budgetary control is legally maintained at the fund level except for the General Fund, which is maintained at the departmental level.

All budget amendments require City Commission approval. During fiscal 2006, supplemental appropriations totaling \$20,379,357, \$43,042,092, \$396,168 in the General Fund, Community Development Fund and Fire Rescue Services Fund, respectively, were required to recognize unanticipated revenue including the award of federal and state grants and to provide funding for unanticipated program requirements.

**City of Miami, Florida
Pension Trust Funds**

Schedule of Funding Progress (a)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (2) - (1)	Funded Ratio (1)/(2)	(3) Covered Payroll	Unfunded (Overfunded) as a Percentage of Covered Payroll ((2) - (1))/(3)
GESE Retirement Trust (b)						
10/1/2005	\$ 588,495,706	\$ 746,324,834	\$ 157,829,128	78.85%	\$ 71,485,284	220.79%
10/1/2004	564,591,815	709,944,085	145,352,270	79.53%	72,521,132	200.43%
10/1/2003	555,480,276	682,360,385	126,880,109	81.41%	70,717,807	179.42%
10/1/2002	561,270,090	617,806,665	56,536,575	90.85%	70,393,730	80.31%
10/1/2001	597,112,330	579,385,162	(17,727,168)	103.06%	66,650,450	-26.60%
10/1/2000	594,880,439	577,787,590	(17,092,849)	102.96%	63,829,824	-26.78%
GESE Staff Plan (b)						
10/1/2005	\$ 768,336	\$ 1,084,275	\$ 315,939	70.86%	\$ 455,220	69.40%
10/1/2004	615,132	1,005,846	390,714	61.16%	487,639	80.12%
10/1/2003	446,666	1,057,295	610,629	42.25%	448,457	136.16%
10/1/2002	303,728	900,721	596,993	33.72%	411,278	145.16%
10/1/2001	206,578	714,036	507,458	28.93%	363,176	139.73%
10/1/2000	160,597	519,150	358,553	30.93%	279,072	128.48%
GESE Excess Plan (b)						
10/1/2005	\$ -	\$ 8,402,351	\$ 8,402,351	0.00%	\$ 71,485,284	11.75%
10/1/2004	-	8,434,597	8,434,597	0.00%	72,521,132	11.63%
10/1/2003	-	9,926,810	9,926,810	0.00%	70,717,807	14.04%
10/1/2002	-	8,642,414	8,642,414	0.00%	70,393,730	12.28%
10/1/2001	-	9,281,796	9,281,796	0.00%	66,650,450	13.93%
10/1/2000	-	9,956,743	9,956,743	0.00%	63,829,824	15.60%

- a. For information regarding pension contribution percentage rates, assumptions, amortization method, see Note 11.
- b. Entry Age Normal Actuarial Accrued Liability
- c. FIPO and EORT are not reflected on this schedule since they use the aggregate method which does not separately identify an actuarial accrued liability.



Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for special revenues that are legally restricted to expenditures for particular purposes.

Community Redevelopment Agency (ORA) – To account for revenues and expenditures to be used for general operations in the defined Community Redevelopment Area.

Community Redevelopment Agency (MRA) – To account for revenues and expenditures to be used for special operations in the defined Community Redevelopment Area.

Community Redevelopment Agency (SEOPW) – To account for revenues and expenditures to be used for special operations in the defined Community Redevelopment Area.

Convention Center – To account for the operations of the City of Miami/ University of Miami James L. Knight International Center and Parking Garage.

Economic Development & Planning Services – To account for the operations of the Economic Development & Planning Services.

Net Offices – To account for the operations of the City of Miami's Neighborhood Enhancement Teams (Net Offices).

Parks & Recreation Services – To account for the operations of the Parks & Recreation Services.

Police Services – To account for the proceeds of various grants from Local, State, and Federal Agencies.

Law Enforcement Trust – To account for confiscated monies awarded to the City for law enforcement related expenditures as stipulated by State Statutes.



Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Public Works Services – To account for the proceeds granted from Local and State Agencies.

City Clerk Services – To account for the operations of the Passport Facility, Municipal Archives & Records, and related programs.

Stormwater Utility – To account for the fees and charges collected for the operation and maintenance of the stormwater management system and the funding of pollution abatement devices of said system.

Department Improvement Initiatives – To account for the funds designated for the City of Miami initiatives related to quality of life and technology.

Transportation and Transit – To account for the operations of the City of Miami's transit and transportation projects.

Model City – To account for the revitalization efforts for the redevelopment of the Model City Community Revitalization District.

Virginia Key Beach Trust – To account for the activities to preserve, restore, and maintain the Historic Virginia Key Beach Park.

Gusman and Olympia – To account for the activities of Gusman and Olympia Facilities.



Nonmajor Governmental Funds

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources, payments of general obligation bond principal, interest from government resources, special obligation bond principal and interest from pledged revenues when the government is obligated in some manner for the payment.

General Obligation Bonds – To account for monies for payment of principal, interest, and other costs related to various issues of long-term general obligation bonds. Debt Service is financed primarily by an ad valorem tax.

Other Special Obligation Bonds – To account for monies for payment of principal, interest, and other costs related to various special obligation and revenue bonds and loans.

CRA Other Special Obligation Bonds – To account for monies for payment of principal, interest, and other costs related to various special obligation bonds and loans.



Nonmajor Governmental Funds

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities.

Community Redevelopment Agency - To account for the acquisition or construction of major capital facilities for community redevelopment in the defined Community Redevelopment Area.

Public Safety – To account for the acquisition or construction of major capital facilities that support the City of Miami’s Police and Fire operations.

Sanitary Sewers – To account for expenditures for the construction of sanitary sewers.

Storm Sewers – To account for expenditures for the construction of storm sewers.

Solid Waste – To account for the acquisition of equipment or facility maintenance associated with the collection and removal of solid waste.

Public Facilities – To account for the acquisition or construction of major capital facilities for public use such as marinas and stadiums.

Parks and Recreation – To account for the acquisition, rehabilitation, or construction of major capital facilities for cultural and recreational activities such as parks, elderly and youth day care centers.

Disaster Recovery – To account for revenue received from the Federal Emergency Management Agency, insurance and other agencies as reimbursement for citywide disasters in the areas of debris removal, roads and bridges, buildings and equipment, parks, marinas, stadiums and other measures of relief.

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City of Miami, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2006

	Special Revenue Funds				
	Omni CRA	Midtown CRA	SEOPW CRA	Convention Center	Economic Development & Planning Services
Assets					
Cash, Cash Equivalents and Investments	\$ 11,495,899	\$ 174,424	\$ 7,488,446	\$ 3,785,071	\$ 8,578,478
Restricted Cash and Investments	-	-	-	164,335	-
Receivables (Net of Allowances for Uncollectibles):					
Accounts	-	-	168,373	203,987	-
Taxes	-	-	-	-	-
Special Assessments	-	-	-	-	-
Due from Other Governments	-	-	-	-	68,305
Accrued Interest	56,744	-	32,581	-	4,861
Prepays	-	-	-	-	-
Total Assets	<u>\$ 11,552,643</u>	<u>\$ 174,424</u>	<u>\$ 7,689,400</u>	<u>\$ 4,153,393</u>	<u>\$ 8,651,644</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 1,609,162	\$ -	\$ 141,462	\$ 13,804	\$ 37,008
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Unearned Revenue	-	-	361,239	-	-
Deposits	-	-	-	-	1,808
Total Liabilities	<u>1,609,162</u>	<u>-</u>	<u>502,701</u>	<u>13,804</u>	<u>38,816</u>
Fund Balances (Deficits):					
Reserved for:					
Encumbrances	7,366,663	-	4,400,966	-	-
Debt Service	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Unreserved, Designated for,					
Subsequent Years Expenditures	-	-	-	3,625,661	8,001,325
Unreserved, Undesignated	2,576,818	174,424	2,785,733	513,928	611,503
Total Fund Balances	<u>9,943,481</u>	<u>174,424</u>	<u>7,186,699</u>	<u>4,139,589</u>	<u>8,612,828</u>
Total Liabilities and Fund Balances	<u>\$ 11,552,643</u>	<u>\$ 174,424</u>	<u>\$ 7,689,400</u>	<u>\$ 4,153,393</u>	<u>\$ 8,651,644</u>

Special Revenue Funds

Net Offices	Parks & Recreation Services	Police Services	Law Enforcement Trust	Public Works Services	City Clerk Services
\$ 1,458,198	\$ 2,706,596	\$ 2,089,473	\$ 1,698,427	\$ 1,609,032	\$ 473,708
-	-	-	-	-	-
-	45,255	758,232	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
52,000	223,678	1,870,093	-	-	-
-	813	11,087	7,553	5,506	-
-	-	119,251	-	-	-
<u>\$ 1,510,198</u>	<u>\$ 2,976,342</u>	<u>\$ 4,848,136</u>	<u>\$ 1,705,980</u>	<u>\$ 1,614,538</u>	<u>\$ 473,708</u>
\$ 304,749	\$ 10,842	\$ 3,018,826	\$ 1,901	\$ -	\$ 1,285
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	47,505	-	-	-	-
8,427	6,114	-	112,413	-	-
<u>313,176</u>	<u>64,461</u>	<u>3,018,826</u>	<u>114,314</u>	<u>-</u>	<u>1,285</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	430,740	-	-
-	-	119,251	-	-	-
388,773	2,099,301	1,118,042	1,160,926	1,204,711	347,295
808,249	812,580	592,017	-	409,827	125,128
<u>1,197,022</u>	<u>2,911,881</u>	<u>1,829,310</u>	<u>1,591,666</u>	<u>1,614,538</u>	<u>472,423</u>
<u>\$ 1,510,198</u>	<u>\$ 2,976,342</u>	<u>\$ 4,848,136</u>	<u>\$ 1,705,980</u>	<u>\$ 1,614,538</u>	<u>\$ 473,708</u>

(continued)

City of Miami, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2006

	Special Revenue Funds				
	Stormwater Utility	Department Improvement Initiatives	Transportation & Transit	Model City	Virginia Key Beach Trust
Assets					
Cash, Cash Equivalents and Investments	\$ 795,647	\$ 1,193,130	\$ 3,342,899	\$ 490,694	\$ 674,547
Restricted Cash and Investments	-	-	-	-	36,655
Receivables (Net of Allowances for Uncollectibles):					
Accounts	-	-	-	-	-
Taxes	-	-	-	-	-
Special Assessments	-	-	-	-	-
Due From Other Governments	-	-	3,028,182	289,242	3,707
Accrued Interest	-	-	-	-	2,519
Prepays	-	-	-	-	3,078
Total Assets	<u>\$ 795,647</u>	<u>\$ 1,193,130</u>	<u>\$ 6,371,081</u>	<u>\$ 779,936</u>	<u>\$ 720,506</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$ -	\$ 7,135	\$ 12,412	\$ 87,867	\$ 130,396
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	10,787	3,707
Deferred Revenue	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Deposits	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>7,135</u>	<u>12,412</u>	<u>98,654</u>	<u>134,103</u>
Fund Balances (Deficits):					
Reserved for:					
Encumbrances	-	-	-	-	24,925
Debt Service	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Prepaid Items	-	-	-	-	3,078
Unreserved, Designated for,					
Subsequent Years Expenditures	-	1,064,253	6,358,669	-	-
Unreserved, Undesignated	795,647	121,742	-	681,282	558,400
Total Fund Balances	<u>795,647</u>	<u>1,185,995</u>	<u>6,358,669</u>	<u>681,282</u>	<u>586,403</u>
Total Liabilities and Fund Balances	<u>\$ 795,647</u>	<u>\$ 1,193,130</u>	<u>\$ 6,371,081</u>	<u>\$ 779,936</u>	<u>\$ 720,506</u>

Special Revenue Funds		Debt Service Funds			
Gusman and Olympia	Total	General Obligation Bonds	Other Special Obligation Bonds	CRA Other Special Obligation	Total
\$ 382,197	\$ 48,436,866	\$ 1,638,722	\$ -	\$ 1,169,914	\$ 2,808,636
-	200,990	103,481	10,673,424	619,293	11,396,198
297,963	1,473,810	-	-	-	-
-	-	1,095,497	-	-	1,095,497
-	-	-	-	-	-
-	5,535,207	-	-	-	-
-	121,664	-	-	-	-
4,228	126,557	-	-	-	-
<u>\$ 684,388</u>	<u>\$ 55,895,094</u>	<u>\$ 2,837,700</u>	<u>\$ 10,673,424</u>	<u>\$ 1,789,207</u>	<u>\$ 15,300,331</u>
\$ 44,511	\$ 5,421,360	\$ 600	\$ -	\$ -	\$ 600
-	-	-	6,244,370	-	6,244,370
102,670	117,164	-	-	-	-
-	-	842,109	-	-	842,109
251,132	659,876	-	-	-	-
110,370	239,132	-	-	-	-
<u>508,683</u>	<u>6,437,532</u>	<u>842,709</u>	<u>6,244,370</u>	<u>-</u>	<u>7,087,079</u>
-	11,792,554	-	-	-	-
-	-	1,994,991	4,429,054	1,789,207	8,213,252
-	430,740	-	-	-	-
4,228	126,557	-	-	-	-
-	25,368,956	-	-	-	-
171,477	11,738,755	-	-	-	-
<u>175,705</u>	<u>49,457,562</u>	<u>1,994,991</u>	<u>4,429,054</u>	<u>1,789,207</u>	<u>8,213,252</u>
<u>\$ 684,388</u>	<u>\$ 55,895,094</u>	<u>\$ 2,837,700</u>	<u>\$ 10,673,424</u>	<u>\$ 1,789,207</u>	<u>\$ 15,300,331</u>

(continued)

City of Miami, Florida
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2006

Capital Projects Funds

	Community Redevelopment Agency	Public Safety	Sanitary Sewers	Storm Sewers	Solid Waste
Assets					
Cash, Cash Equivalents and Investments	\$ 2,829,749	\$ 24,008,184	\$ 25,452,914	\$ 26,413,486	\$ 261,766
Restricted Cash and Investments	-	-	-	-	-
Receivables (Net of Allowances for Uncollectibles):					
Accounts	-	-	-	-	-
Taxes	-	-	-	-	-
Special Assessments	-	-	-	-	15,339
Due From Other Governments	-	-	-	2,470,674	-
Accrued Interest	12,461	78,543	113,511	52,013	-
Prepays	-	-	-	-	-
Total Assets	<u>\$ 2,842,210</u>	<u>\$ 24,086,727</u>	<u>\$ 25,566,425</u>	<u>\$ 28,936,173</u>	<u>\$ 277,105</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$ -	\$ 486,346	\$ 2,749	\$ 987,214	\$ -
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Deferred Revenue	-	-	-	-	15,339
Unearned Revenue	-	-	-	-	-
Deposits	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>486,346</u>	<u>2,749</u>	<u>987,214</u>	<u>15,339</u>
Fund Balances (Deficits):					
Reserved for:					
Encumbrances	-	2,943,644	323,391	6,585,204	-
Debt Service	-	-	-	-	-
Law Enforcement	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Unreserved, Designated for,					
Subsequent Years Expenditures	-	-	-	-	-
Unreserved, Undesignated	2,842,210	20,656,737	25,240,285	21,363,755	261,766
Total Fund Balances	<u>2,842,210</u>	<u>23,600,381</u>	<u>25,563,676</u>	<u>27,948,959</u>	<u>261,766</u>
Total Liabilities and Fund Balances	<u>\$ 2,842,210</u>	<u>\$ 24,086,727</u>	<u>\$ 25,566,425</u>	<u>\$ 28,936,173</u>	<u>\$ 277,105</u>

Capital Projects Funds

Public Facilities	Parks & Recreation	Disaster Recovery	Total	Total Nonmajor Governmental Funds
\$ 20,524,465	\$ 6,933,484	\$ 357,087	\$ 106,781,135	\$ 158,026,637
-	268,422	-	268,422	11,865,610
-	-	-	-	1,473,810
-	-	-	-	1,095,497
-	-	-	15,339	15,339
416,082	1,745,921	-	4,632,677	10,167,884
48,996	37,902	-	343,426	465,090
-	-	-	-	126,557
<u>\$ 20,989,543</u>	<u>\$ 8,985,729</u>	<u>\$ 357,087</u>	<u>\$ 112,040,999</u>	<u>\$ 183,236,424</u>
\$ 774,016	\$ 2,113,111	\$ 346,175	\$ 4,709,611	\$ 10,131,571
-	-	-	-	6,244,370
-	-	-	-	117,164
-	-	-	15,339	857,448
-	-	-	-	659,876
-	-	-	-	239,132
<u>774,016</u>	<u>2,113,111</u>	<u>346,175</u>	<u>4,724,950</u>	<u>18,249,561</u>
3,224,655	27,379,193	2,392,794	42,848,881	54,641,435
-	-	-	-	8,213,252
-	-	-	-	430,740
-	-	-	-	126,557
-	-	-	-	25,368,956
<u>16,990,872</u>	<u>(20,506,575)</u>	<u>(2,381,882)</u>	<u>64,467,168</u>	<u>76,205,923</u>
<u>20,215,527</u>	<u>6,872,618</u>	<u>10,912</u>	<u>107,316,049</u>	<u>164,986,863</u>
<u>\$ 20,989,543</u>	<u>\$ 8,985,729</u>	<u>\$ 357,087</u>	<u>\$ 112,040,999</u>	<u>\$ 183,236,424</u>

City of Miami, Florida
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances
Nonmajor Governmental Funds
For The Year Ended September 30, 2006

	Special Revenue Funds				Economic Development & Planning Services
	Omni CRA	Midtown CRA	SEOPW CRA	Convention Center	
Revenues					
Property Taxes	\$ 7,631,889	\$ 133,716	\$ 4,209,819	\$ -	\$ -
Franchise and Other Taxes	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Intergovernmental Revenues	-	-	1,000,000	3,130,593	327,571
Charges for Services	-	-	214,142	4,548,154	2,574,652
Interest	415,824	-	230,212	6,334	133,643
Other	-	-	-	540,408	2,500
Total Revenues	<u>8,047,713</u>	<u>133,716</u>	<u>5,654,173</u>	<u>8,225,489</u>	<u>3,038,366</u>
Expenditures					
Current Operating:					
General Government	1,000,000	-	1,340,311	-	-
Planning and Development	-	-	-	-	1,178,340
Community Redevelopment Areas	4,717,244	1,000	1,264,297	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Facilities	-	-	-	3,458,824	-
Parks and Recreation	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>5,717,244</u>	<u>1,000</u>	<u>2,604,608</u>	<u>3,458,824</u>	<u>1,178,340</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,330,469</u>	<u>132,716</u>	<u>3,049,565</u>	<u>4,766,665</u>	<u>1,860,026</u>
Other Financing Sources (Uses)					
Transfers In	-	41,708	-	1,810,930	74,500
Transfers Out	-	-	(438,475)	(5,181,261)	(1,714,626)
Sale of Property	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>41,708</u>	<u>(438,475)</u>	<u>(3,370,331)</u>	<u>(1,640,126)</u>
Net Changes in Fund Balances	2,330,469	174,424	2,611,090	1,396,334	219,900
Fund Balances - Beginning, as restated	<u>7,613,012</u>	<u>-</u>	<u>4,575,609</u>	<u>2,743,255</u>	<u>8,392,928</u>
Fund Balances - Ending	<u>\$ 9,943,481</u>	<u>\$ 174,424</u>	<u>\$ 7,186,699</u>	<u>\$ 4,139,589</u>	<u>\$ 8,612,828</u>

Special Revenue Funds

Net Offices	Parks & Recreation Services	Police Services	Law Enforcement Trust	Public Works Services	City Clerk Services
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	736,843	-	-
294,127	1,058,972	5,155,623	-	-	-
258,000	27,201	438,810	-	-	163,391
-	7,366	65,686	65,826	46,121	-
50	828,742	-	-	18,508	-
<u>552,177</u>	<u>1,922,281</u>	<u>5,660,119</u>	<u>802,669</u>	<u>64,629</u>	<u>163,391</u>
7,703,940	-	-	-	-	2,570
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	6,000	-
-	-	5,710,339	475,391	-	-
-	-	-	-	-	-
-	1,421,081	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,703,940</u>	<u>1,421,081</u>	<u>5,710,339</u>	<u>475,391</u>	<u>6,000</u>	<u>2,570</u>
<u>(7,151,763)</u>	<u>501,200</u>	<u>(50,220)</u>	<u>327,278</u>	<u>58,629</u>	<u>160,821</u>
8,076,503	6,505	146,159	4,358	-	35,000
(886,251)	(6,505)	(38,949)	(112,953)	-	-
-	-	-	-	-	-
<u>7,190,252</u>	<u>-</u>	<u>107,210</u>	<u>(108,595)</u>	<u>-</u>	<u>35,000</u>
38,489	501,200	56,990	218,683	58,629	195,821
<u>1,158,533</u>	<u>2,410,681</u>	<u>1,772,320</u>	<u>1,372,983</u>	<u>1,555,909</u>	<u>276,602</u>
<u>\$ 1,197,022</u>	<u>\$ 2,911,881</u>	<u>\$ 1,829,310</u>	<u>\$ 1,591,666</u>	<u>\$ 1,614,538</u>	<u>\$ 472,423</u>

(continued)

City of Miami, Florida
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances
Nonmajor Governmental Funds
For The Year Ended September 30, 2006

	Special Revenue Funds				
	Stormwater Utility	Department Improvement Initiatives	Transportation & Transit	Model City	Virginia Key Beach Trust
Revenues					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and Other Taxes	1,011	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Intergovernmental Revenues	-	117,616	12,629,364	1,298,571	-
Charges for Services	-	-	-	-	-
Interest	-	-	-	-	18,231
Other	-	182,315	-	4,169	34,321
Total Revenues	<u>1,011</u>	<u>299,931</u>	<u>12,629,364</u>	<u>1,302,740</u>	<u>52,552</u>
Expenditures					
Current Operating:					
General Government	-	667,382	471,934	-	-
Planning and Development	-	-	-	2,121,579	-
Community Redevelopment Areas	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Facilities	-	-	-	-	-
Parks and Recreation	-	-	-	-	1,363,250
Debt Service:					
Principal	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>667,382</u>	<u>471,934</u>	<u>2,121,579</u>	<u>1,363,250</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,011</u>	<u>(367,451)</u>	<u>12,157,430</u>	<u>(818,839)</u>	<u>(1,310,698)</u>
Other Financing Sources (Uses)					
Transfers In	-	469,959	-	616,131	1,354,441
Transfers Out	-	(1,391,446)	(11,151,124)	-	-
Sale of Property	-	-	-	889,969	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(921,487)</u>	<u>(11,151,124)</u>	<u>1,506,100</u>	<u>1,354,441</u>
Net Changes in Fund Balances	1,011	(1,288,938)	1,006,306	687,261	43,743
Fund Balances - Beginning, as restated	<u>794,636</u>	<u>2,474,933</u>	<u>5,352,363</u>	<u>(5,979)</u>	<u>542,660</u>
Fund Balances - Ending	<u>\$ 795,647</u>	<u>\$ 1,185,995</u>	<u>\$ 6,358,669</u>	<u>\$ 681,282</u>	<u>\$ 586,403</u>

Debt Service Funds

Gusman and Olympia	Total	General Obligation Bonds	Other Special Obligation Bonds	CRA Other Special Obligation	Total
\$ -	\$ 11,975,424	\$ 20,032,652	\$ -	\$ -	\$ 20,032,652
-	1,011	-	-	-	-
-	736,843	-	-	-	-
100,635	25,113,072	-	-	300,000	300,000
497,539	8,721,889	-	-	-	-
-	989,243	3,481	192,681	17,843	214,005
250,586	1,861,599	-	-	-	-
<u>848,760</u>	<u>49,399,081</u>	<u>20,036,133</u>	<u>192,681</u>	<u>317,843</u>	<u>20,546,657</u>
-	11,186,137	-	-	-	-
-	3,299,919	-	-	-	-
-	5,982,541	-	-	-	-
-	6,000	-	-	-	-
-	6,185,730	-	-	-	-
981,407	4,440,231	-	-	-	-
-	2,784,331	-	-	-	-
-	-	10,423,024	8,650,771	145,000	19,218,795
-	-	9,130,709	12,315,542	204,638	21,650,889
-	-	-	-	-	-
<u>981,407</u>	<u>33,884,889</u>	<u>19,553,733</u>	<u>20,966,313</u>	<u>349,638</u>	<u>40,869,684</u>
<u>(132,647)</u>	<u>15,514,192</u>	<u>482,400</u>	<u>(20,773,632)</u>	<u>(31,795)</u>	<u>(20,323,027)</u>
240,780	12,876,974	138,986	16,318,701	403,475	16,861,162
-	(20,921,590)	(138,986)	-	-	(138,986)
-	889,969	-	-	-	-
<u>240,780</u>	<u>(7,154,647)</u>	<u>-</u>	<u>16,318,701</u>	<u>403,475</u>	<u>16,722,176</u>
108,133	8,359,545	482,400	(4,454,931)	371,680	(3,600,851)
67,572	41,098,017	1,512,591	8,883,985	1,417,527	11,814,103
<u>\$ 175,705</u>	<u>\$ 49,457,562</u>	<u>\$ 1,994,991</u>	<u>\$ 4,429,054</u>	<u>\$ 1,789,207</u>	<u>\$ 8,213,252</u>

(continued)

City of Miami, Florida
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances
Nonmajor Governmental Funds
For The Year Ended September 30, 2006

	Capital Projects Funds				
	Community Redevelopment Agency	Public Safety	Sanitary Sewers	Storm Sewers	Solid Waste
Revenues					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise and Other Taxes	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Intergovernmental Revenues	-	-	-	2,688,474	-
Charges for Services	-	-	-	-	-
Interest	104,008	468,227	955,024	282,485	23,815
Other	-	-	-	-	-
Total Revenues	<u>104,008</u>	<u>468,227</u>	<u>955,024</u>	<u>2,970,959</u>	<u>23,815</u>
Expenditures					
Current Operating:					
General Government	-	-	-	-	-
Planning and Development	-	-	-	-	-
Community Redevelopment Areas	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Facilities	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-
Capital Outlay	-	5,393,329	78,222	5,786,936	3,734,537
Total Expenditures	<u>-</u>	<u>5,393,329</u>	<u>78,222</u>	<u>5,786,936</u>	<u>3,734,537</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>104,008</u>	<u>(4,925,102)</u>	<u>876,802</u>	<u>(2,815,977)</u>	<u>(3,710,722)</u>
Other Financing Sources (Uses)					
Transfers In	-	8,104,024	97,623	8,463,040	2,168,019
Transfers Out	-	(4,609,527)	(115,134)	(5,098,812)	-
Sale of Property	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,494,497</u>	<u>(17,511)</u>	<u>3,364,228</u>	<u>2,168,019</u>
Net Changes in Fund Balances	104,008	(1,430,605)	859,291	548,251	(1,542,703)
Fund Balances - Beginning, as restated	<u>2,738,202</u>	<u>25,030,986</u>	<u>24,704,385</u>	<u>27,400,708</u>	<u>1,804,469</u>
Fund Balances - Ending	<u>\$ 2,842,210</u>	<u>\$ 23,600,381</u>	<u>\$ 25,563,676</u>	<u>\$ 27,948,959</u>	<u>\$ 261,766</u>

Capital Projects Funds

Public Facilities	Parks & Recreation	Disaster Recovery	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 32,008,076
-	-	-	-	1,011
-	-	-	-	736,843
442,469	2,816,487	-	5,947,430	31,360,502
-	-	-	-	8,721,889
379,020	641,808	-	2,854,387	4,057,635
6,088,826	140,953	-	6,229,779	8,091,378
<u>6,910,315</u>	<u>3,599,248</u>	<u>-</u>	<u>15,031,596</u>	<u>84,977,334</u>
-	-	-	-	11,186,137
-	-	-	-	3,299,919
-	-	-	-	5,982,541
-	-	-	-	6,000
-	-	-	-	6,185,730
-	-	-	-	4,440,231
-	-	-	-	2,784,331
-	-	-	-	19,218,795
-	-	-	-	21,650,889
5,209,422	21,744,224	724,846	42,671,516	42,671,516
<u>5,209,422</u>	<u>21,744,224</u>	<u>724,846</u>	<u>42,671,516</u>	<u>117,426,089</u>
<u>1,700,893</u>	<u>(18,144,976)</u>	<u>(724,846)</u>	<u>(27,639,920)</u>	<u>(32,448,755)</u>
5,731,489	22,336,580	953,156	47,853,931	77,592,067
(9,587,311)	(19,766,575)	(672,057)	(39,849,416)	(60,909,992)
-	-	-	-	889,969
<u>(3,855,822)</u>	<u>2,570,005</u>	<u>281,099</u>	<u>8,004,515</u>	<u>17,572,044</u>
(2,154,929)	(15,574,971)	(443,747)	(19,635,405)	(14,876,711)
<u>22,370,456</u>	<u>22,447,589</u>	<u>454,659</u>	<u>126,951,454</u>	<u>179,863,574</u>
<u>\$ 20,215,527</u>	<u>\$ 6,872,618</u>	<u>\$ 10,912</u>	<u>\$ 107,316,049</u>	<u>\$ 164,986,863</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - OMNI CRA
For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 4,788,254	\$ 7,631,889	\$ 7,631,889	\$ -
Interest	41,500	21,500	415,824	394,324
Total Revenues	<u>4,829,754</u>	<u>7,653,389</u>	<u>8,047,713</u>	<u>394,324</u>
Expenditures:				
Current Operating:				
General Government	900,000	1,000,000	1,000,000	-
Community Redevelopment Areas	10,703,476	10,857,475	4,717,244	6,140,231
Total Expenditures	<u>11,603,476</u>	<u>11,857,475</u>	<u>5,717,244</u>	<u>6,140,231</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,773,722)	(4,204,086)	2,330,469	6,534,555
Fund Balance - Beginning of Year	<u>6,773,722</u>	<u>4,204,086</u>	<u>7,613,012</u>	<u>3,408,926</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,943,481</u>	<u>\$ 9,943,481</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Midtown CRA
For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Property Taxes	\$ 127,988	\$ 127,988	\$ 133,716	\$ 5,728
Interest	707	707	-	(707)
Total Revenues	128,695	128,695	133,716	5,021
Expenditures:				
Current Operating:				
General Government	8,686	8,686	-	8,686
Community Redevelopment Areas	20,000	20,000	1,000	19,000
Total Expenditures	28,686	28,686	1,000	27,686
Excess of Revenues Over Expenditures	100,009	100,009	132,716	32,707
Other Financing Sources:				
Transfers In	-	-	41,708	41,708
Net Change in Fund Balance	100,009	100,009	174,424	74,415
Fund Balance - Beginning of Year	(100,009)	(100,009)	-	100,009
Fund Balance - End of Year	\$ -	\$ -	\$ 174,424	\$ 174,424

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - SEOPW CRA
For The Year Ended September 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Property Taxes	\$ 3,747,368	\$ 4,209,819	\$ 4,209,819	\$ -
Intergovernmental Revenues	1,000,000	1,000,000	1,000,000	-
Charges for Services	10,600	8,000	214,142	206,142
Interest	26,500	11,500	230,212	218,712
Total Revenues	<u>4,784,468</u>	<u>5,229,319</u>	<u>5,654,173</u>	<u>424,854</u>
Expenditures:				
Current Operating:				
General Government	1,655,680	1,655,680	1,340,311	315,369
Community Redevelopment Areas	7,234,754	7,103,763	1,264,297	5,839,466
Total Expenditures	<u>8,890,434</u>	<u>8,759,443</u>	<u>2,604,608</u>	<u>6,154,835</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,105,966)</u>	<u>(3,530,124)</u>	<u>3,049,565</u>	<u>6,579,689</u>
Other Financing Sources (Uses):				
Transfers In	659,388	-	-	-
Transfers Out	(445,000)	(445,000)	(438,475)	6,525
Total Other Financing Sources (Uses)	<u>214,388</u>	<u>(445,000)</u>	<u>(438,475)</u>	<u>6,525</u>
Net Change in Fund Balance	(3,891,578)	(3,975,124)	2,611,090	6,586,214
Fund Balance - Beginning of Year	<u>3,891,578</u>	<u>3,975,124</u>	<u>4,575,609</u>	<u>600,485</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,186,699</u>	<u>\$ 7,186,699</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Convention Center
For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 1,300,000	\$ 1,362,700	\$ 3,130,593	\$ 1,767,893
Charges for Services	4,179,083	4,179,083	4,548,154	369,071
Interest	2,500	2,500	6,334	3,834
Other	650,400	665,400	540,408	(124,992)
Total Revenues	<u>6,131,983</u>	<u>6,209,683</u>	<u>8,225,489</u>	<u>2,015,806</u>
Expenditures:				
Current Operating:				
Public Facilities	8,215,966	6,467,739	3,458,824	3,008,915
Total Expenditures	<u>8,215,966</u>	<u>6,467,739</u>	<u>3,458,824</u>	<u>3,008,915</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,083,983)</u>	<u>(258,056)</u>	<u>4,766,665</u>	<u>5,024,721</u>
Other Financing Sources (Uses):				
Transfers In	2,083,983	2,381,380	1,810,930	(570,450)
Transfers Out	-	(4,831,983)	(5,181,261)	(349,278)
Total Other Financing Sources (Uses)	<u>2,083,983</u>	<u>(2,450,603)</u>	<u>(3,370,331)</u>	<u>(919,728)</u>
Net Change in Fund Balance	-	(2,708,659)	1,396,334	4,104,993
Fund Balance - Beginning of Year	-	2,708,659	2,743,255	34,596
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,139,589</u>	<u>\$ 4,139,589</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Economic Development & Planning Services
For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ -	\$ 360,948	\$ 327,571	\$ (33,377)
Charges for Services	4,076,352	1,580,137	2,574,652	994,515
Interest	131,379	-	133,643	133,643
Other	-	-	2,500	2,500
Total Revenues	<u>4,207,731</u>	<u>1,941,085</u>	<u>3,038,366</u>	<u>1,097,281</u>
Expenditures:				
Current Operating:				
Planning and Development	4,742,731	9,512,679	1,178,340	8,334,339
Total Expenditures	<u>4,742,731</u>	<u>9,512,679</u>	<u>1,178,340</u>	<u>8,334,339</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(535,000)</u>	<u>(7,571,594)</u>	<u>1,860,026</u>	<u>9,431,620</u>
Other Financing Sources (Uses):				
Transfers In	-	-	74,500	74,500
Transfers Out	-	(1,500,297)	(1,714,626)	(214,329)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,500,297)</u>	<u>(1,640,126)</u>	<u>(139,829)</u>
Net Change in Fund Balance	(535,000)	(9,071,891)	219,900	9,291,791
Fund Balance - Beginning of Year	535,000	9,071,891	8,392,928	(678,963)
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,612,828</u>	<u>\$ 8,612,828</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - NET Offices
For The Year Ended September 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Intergovernmental Revenues	\$ -	\$ 132,000	\$ 294,127	\$ 162,127
Charges for Services	-	4,000	258,000	254,000
Other	-	-	50	50
Total Revenues	<u>-</u>	<u>136,000</u>	<u>552,177</u>	<u>416,177</u>
Expenditures:				
Current Operating:				
General Government	8,076,503	8,726,913	7,703,940	1,022,973
Total Expenditures	<u>8,076,503</u>	<u>8,726,913</u>	<u>7,703,940</u>	<u>1,022,973</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,076,503)</u>	<u>(8,590,913)</u>	<u>(7,151,763)</u>	<u>1,439,150</u>
Other Financing Sources (Uses):				
Transfers In	8,076,503	8,959,328	8,076,503	(882,825)
Transfers Out	-	(882,825)	(886,251)	(3,426)
Total Other Financing Sources (Uses)	<u>8,076,503</u>	<u>8,076,503</u>	<u>7,190,252</u>	<u>(886,251)</u>
Net Change in Fund Balance	-	(514,410)	38,489	552,899
Fund Balance - Beginning of Year	-	514,410	1,158,533	644,123
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,197,022</u>	<u>\$ 1,197,022</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Parks & Recreation Services
For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenue:				
Intergovernmental Revenues	\$ 195,663	\$ 1,316,558	\$ 1,058,972	\$ (257,586)
Charges for Services	-	-	27,201	27,201
Interest	-	-	7,366	7,366
Other	-	-	828,742	828,742
Total Revenues	<u>195,663</u>	<u>1,316,558</u>	<u>1,922,281</u>	<u>605,723</u>
Expenditures:				
Current Operating:				
Parks and Recreation	1,374,856	3,947,202	1,421,081	2,526,121
Total Expenditures	<u>1,374,856</u>	<u>3,947,202</u>	<u>1,421,081</u>	<u>2,526,121</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,179,193)</u>	<u>(2,630,644)</u>	<u>501,200</u>	<u>3,131,844</u>
Other Financing Sources (Uses):				
Transfers In	886,364	534,070	6,505	(527,565)
Transfers Out	-	-	(6,505)	(6,505)
Total Other Financing Sources (Uses)	<u>886,364</u>	<u>534,070</u>	<u>-</u>	<u>(534,070)</u>
Net Change in Fund Balance	(292,829)	(2,096,574)	501,200	2,597,774
Fund Balance - Beginning of Year	292,829	2,096,574	2,410,681	314,107
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,911,881</u>	<u>\$ 2,911,881</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Police Services
For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 9,229,733	\$ 8,597,862	\$ 5,155,623	\$ (3,442,239)
Charges for Services	276,041	652,180	438,810	(213,370)
Interest	-	2,484	65,686	63,202
Total Revenues	<u>9,505,774</u>	<u>9,252,526</u>	<u>5,660,119</u>	<u>(3,592,407)</u>
Expenditures:				
Current Operating:				
Public Safety	11,094,524	13,585,026	5,710,339	7,874,687
Total Expenditures	<u>11,094,524</u>	<u>13,585,026</u>	<u>5,710,339</u>	<u>7,874,687</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,588,750)</u>	<u>(4,332,500)</u>	<u>(50,220)</u>	<u>4,282,280</u>
Other Financing Sources (Uses):				
Transfers In	-	188,226	146,159	(42,067)
Transfers Out	-	(11,426)	(38,949)	(27,523)
Total Other Financing Sources (Uses)	<u>-</u>	<u>176,800</u>	<u>107,210</u>	<u>(69,590)</u>
Net Change in Fund Balance	(1,588,750)	(4,155,700)	56,990	4,212,690
Fund Balance - Beginning of Year	<u>1,588,750</u>	<u>4,155,700</u>	<u>1,772,320</u>	<u>(2,383,380)</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,829,310</u>	<u>\$ 1,829,310</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Law Enforcement Trust Fund
For The Year Ended September 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Fines and Forfeitures	\$ 543,828	\$ 543,828	\$ 736,843	\$ 193,015
Interest	40,634	40,634	65,826	25,192
Total Revenues	<u>584,462</u>	<u>584,462</u>	<u>802,669</u>	<u>218,207</u>
Expenditures:				
Current Operating:				
Public Safety	1,183,601	1,259,892	475,391	784,501
Total Expenditures	<u>1,183,601</u>	<u>1,259,892</u>	<u>475,391</u>	<u>784,501</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(599,139)</u>	<u>(675,430)</u>	<u>327,278</u>	<u>1,002,708</u>
Other Financing Sources (Uses):				
Transfers In	-	-	4,358	4,358
Transfers Out	-	(113,092)	(112,953)	139
Total Other Financing Sources (Uses)	<u>-</u>	<u>(113,092)</u>	<u>(108,595)</u>	<u>4,497</u>
Net Change in Fund Balance	(599,139)	(788,522)	218,683	1,007,205
Fund Balance - Beginning of Year	599,139	788,522	1,372,983	584,461
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,591,666</u>	<u>\$ 1,591,666</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Public Works Services
For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ -	\$ -	\$ 46,121	\$ 46,121
Other	258,742	258,742	18,508	(240,234)
Total Revenues	<u>258,742</u>	<u>258,742</u>	<u>64,629</u>	<u>(194,113)</u>
Expenditures:				
Current Operating:				
Public Works	258,742	1,475,424	6,000	1,469,424
Total Expenditures	<u>258,742</u>	<u>1,475,424</u>	<u>6,000</u>	<u>1,469,424</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(1,216,682)	58,629	1,275,311
Fund Balance - Beginning of Year	-	1,216,682	1,555,909	339,227
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,614,538</u>	<u>\$ 1,614,538</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - City Clerk Services
For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Charges for Services	\$ -	\$ -	\$ 163,391	\$ 163,391
Total Revenues	<u>-</u>	<u>-</u>	<u>163,391</u>	<u>163,391</u>
Expenditures:				
Current Operating:				
General Government	35,000	311,602	2,570	309,032
Total Expenditures	<u>35,000</u>	<u>311,602</u>	<u>2,570</u>	<u>309,032</u>
Excess (Deficiency) of Revenues Over Expenditures	(35,000)	(311,602)	160,821	472,423
Other Financing Sources:				
Transfers In	35,000	35,000	35,000	-
Net Change in Fund Balance	-	(276,602)	195,821	472,423
Fund Balance - Beginning of Year	-	276,602	276,602	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 472,423</u>	<u>\$ 472,423</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Stormwater Utility Fund
For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Franchise and Other Taxes	\$ -	\$ -	\$ 1,011	\$ 1,011
Total Revenues	<u>-</u>	<u>-</u>	<u>1,011</u>	<u>1,011</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>1,011</u>	<u>1,011</u>
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>794,636</u>	<u>794,636</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 795,647</u>	<u>\$ 795,647</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Departmental Improvement Initiatives
For The Year Ended September 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive (Negative)</u>
Revenues:				
Intergovernmental Revenues	\$ -	\$ -	\$ 117,616	\$ 117,616
Other	34,663	54,663	182,315	127,652
Total Revenues	<u>34,663</u>	<u>54,663</u>	<u>299,931</u>	<u>245,268</u>
Expenditures:				
Current Operating:				
General Government	2,256,553	2,890,097	667,382	2,222,715
Total Expenditures	<u>2,256,553</u>	<u>2,890,097</u>	<u>667,382</u>	<u>2,222,715</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,221,890)</u>	<u>(2,835,434)</u>	<u>(367,451)</u>	<u>2,467,983</u>
Other Financing Sources (Uses):				
Transfers In	272,076	641,041	469,959	(171,082)
Transfers Out	-	(409,446)	(1,391,446)	(982,000)
Total Other Financing Sources (Uses)	<u>272,076</u>	<u>231,595</u>	<u>(921,487)</u>	<u>(1,153,082)</u>
Net Change in Fund Balance	(1,949,814)	(2,603,839)	(1,288,938)	1,314,901
Fund Balance - Beginning of Year	1,949,814	2,603,839	2,474,933	(128,906)
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,185,995</u>	<u>\$ 1,185,995</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Transportation & Transit
For The Year Ended September 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental Revenues	\$ 11,706,437	\$ 17,118,800	\$ 12,629,364	\$ (4,489,436)
Total Revenues	<u>11,706,437</u>	<u>17,118,800</u>	<u>12,629,364</u>	<u>(4,489,436)</u>
Expenditures:				
Current Operating:				
General Government	502,302	562,302	471,934	90,368
Total Expenditures	<u>502,302</u>	<u>562,302</u>	<u>471,934</u>	<u>90,368</u>
Excess (Deficiency) of Revenues Over Expenditures	11,204,135	16,556,498	12,157,430	(4,399,068)
Other Financing Uses:				
Transfers Out	(11,204,135)	(16,556,498)	(11,151,124)	5,405,374
Net Change in Fund Balance	-	-	1,006,306	1,006,306
Fund Balance - Beginning of Year	-	-	5,352,363	5,352,363
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,358,669</u>	<u>\$ 6,358,669</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Model City
For The Year Ended September 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental Revenues	\$ 1,252,596	\$ 1,252,596	\$ 1,298,571	\$ 45,975
Other	-	-	4,169	4,169
Total Revenues	<u>1,252,596</u>	<u>1,252,596</u>	<u>1,302,740</u>	<u>50,144</u>
Expenditures:				
Current Operating:				
Planning and Development	2,504,547	2,504,547	2,121,579	382,968
Total Expenditures	<u>2,504,547</u>	<u>2,504,547</u>	<u>2,121,579</u>	<u>382,968</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,251,951)</u>	<u>(1,251,951)</u>	<u>(818,839)</u>	<u>433,112</u>
Other Financing Sources:				
Transfers In	616,131	616,131	616,131	-
Sale of Property	635,820	635,820	889,969	254,149
Total Other Financing Sources	<u>1,251,951</u>	<u>1,251,951</u>	<u>1,506,100</u>	<u>254,149</u>
Net Change in Fund Balance	-	-	687,261	687,261
Fund Balance - Beginning of Year	-	-	(5,979)	(5,979)
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 681,282</u>	<u>\$ 681,282</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Virginia Key Beach Trust
For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Interest	\$ -	\$ -	\$ 18,231	\$ 18,231
Other	100,000	100,000	34,321	(65,679)
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>52,552</u>	<u>(47,448)</u>
Expenditures:				
Current Operating:				
Parks and Recreation	1,781,825	1,781,825	1,363,250	418,575
Total Expenditures	<u>1,781,825</u>	<u>1,781,825</u>	<u>1,363,250</u>	<u>418,575</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,681,825)	(1,681,825)	(1,310,698)	371,127
Other Financing Sources:				
Transfers In	1,354,441	1,354,441	1,354,441	-
Net Change in Fund Balance	(327,384)	(327,384)	43,743	371,127
Fund Balance - Beginning of Year, as restated	327,384	327,384	542,660	215,276
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 586,403</u>	<u>\$ 586,403</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Gusman & Olympia
For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 217,000	\$ 217,000	\$ 100,635	\$ (116,365)
Charges for Services	338,500	338,500	497,539	159,039
Other	272,000	272,000	250,586	(21,414)
Total Revenues	<u>827,500</u>	<u>827,500</u>	<u>848,760</u>	<u>21,260</u>
Expenditures:				
Current Operating:				
Public Facilities	1,068,280	1,068,280	981,407	86,873
Total Expenditures	<u>1,068,280</u>	<u>1,068,280</u>	<u>981,407</u>	<u>86,873</u>
Excess (Deficiency) of Revenues Over Expenditures	(240,780)	(240,780)	(132,647)	108,133
Other Financing Sources:				
Transfers In	240,780	240,780	240,780	-
Net Change in Fund Balance	-	-	108,133	108,133
Fund Balance - Beginning of Year	-	-	67,572	67,572
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,705</u>	<u>\$ 175,705</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - General Obligation Bonds
For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Property Taxes	\$ 19,701,006	\$ 19,701,006	\$ 20,032,652	\$ 331,646
Interest	-	-	3,481	3,481
Total Revenues	<u>19,701,006</u>	<u>19,701,006</u>	<u>20,036,133</u>	<u>335,127</u>
Expenditures:				
Debt Service:				
Principal	10,640,000	10,640,000	10,423,024	216,976
Interest and Other Charges	9,061,006	9,061,006	9,130,709	(69,703)
Total Expenditures	<u>19,701,006</u>	<u>19,701,006</u>	<u>19,553,733</u>	<u>147,273</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>482,400</u>	<u>482,400</u>
Other Financing Sources (Uses):				
Transfers In	-	-	138,986	138,986
Transfers Out	-	-	(138,986)	(138,986)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>482,400</u>	<u>482,400</u>
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>1,512,591</u>	<u>1,512,591</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,994,991</u>	<u>\$ 1,994,991</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - Other Special Obligation Bonds
For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Interest	\$ -	\$ -	\$ 192,681	\$ 192,681
Total Revenues	<u>-</u>	<u>-</u>	<u>192,681</u>	<u>192,681</u>
Expenditures:				
Debt Service:				
Principal	13,720,400	13,720,400	8,650,771	5,069,629
Interest and Other Charges	7,991,260	8,181,813	12,315,542	(4,133,729)
Total Expenditures	<u>21,711,660</u>	<u>21,902,213</u>	<u>20,966,313</u>	<u>935,900</u>
Excess (Deficiency) of Revenues Over Expenditures	(21,711,660)	(21,902,213)	(20,773,632)	1,128,581
Other Financing Sources:				
Transfers In	19,020,004	19,210,557	16,318,701	(2,891,856)
Net Change in Fund Balance	(2,691,656)	(2,691,656)	(4,454,931)	(1,763,275)
Fund Balance - Beginning of Year	2,691,656	2,691,656	8,883,985	6,192,329
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,429,054</u>	<u>\$ 4,429,054</u>

City of Miami, Florida
Schedule of Revenues, Expenditures, and Changes In Fund Balance
Budget and Actual - CRA Other Special Obligation Bonds
For The Year Ended September 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 300,000	\$ 300,000	\$ 300,000	\$ -
Interest	-	-	17,843	17,843
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>317,843</u>	<u>17,843</u>
Expenditures:				
Debt Service:				
Principal	155,000	155,000	145,000	10,000
Interest and Other Charges	198,475	198,475	204,638	(6,163)
Total Expenditures	<u>353,475</u>	<u>353,475</u>	<u>349,638</u>	<u>3,837</u>
Excess (Deficiency) of Revenues Over Expenditures	(53,475)	(53,475)	(31,795)	21,680
Other Financing Sources:				
Transfers In	53,475	53,475	403,475	350,000
Net Change in Fund Balance	-	-	371,680	371,680
Fund Balance - Beginning of Year	-	-	1,417,527	1,417,527
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,789,207</u>	<u>\$ 1,789,207</u>



FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the City in a trustee capacity.

Firefighters' and Police Officers' (FIPO) – This Pension Trust Fund is used to account for the accumulation of resources to be used for retirement benefits to Police and Firefighters'. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by annual actuarial valuations.

General Employees and Sanitation Employees (GESE) – These Pension Trust Funds are used to account for the three separate GESE Plans. The funds are used to account for the accumulation of resources to be used for retirement benefits to City employees, other than police and firefighters. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by annual actuarial valuations.

City of Miami Elected Officers' Retirement Trust (EORT) – Funds are used to account for the accumulation of resources to be used for retirement benefits to elected officials. Resources are contributed by the City in amounts determined by actuarial valuations.

City of Miami, Florida
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2006

	Employee Retirement Funds					Totals
	Firefighter and Police (FIPO)	General and Sanitation (GESE) (Members)	General and Sanitation (GESE) (Excess Plan)	General and Sanitation (GESE) (Staff Plan)	Elected Officer's Retirement Trust (EORT)	Employee Retirement Funds
Assets						
Cash and Short-Term Investments	\$ 34,742,320	\$ 368,183	\$ 13,752	\$ 1,000	\$ 175	\$ 35,125,430
Accounts Receivable	6,201,376	5,076,381	19,958	5,345	-	11,303,060
Capital Assets	2,256,267	2,834,224	-	-	-	5,090,491
	<u>43,199,963</u>	<u>8,278,788</u>	<u>33,710</u>	<u>6,345</u>	<u>175</u>	<u>51,518,981</u>
Investments, at fair value						
U.S. Government Obligations	195,788,015	76,619,487	-	213,578	2,669,172	275,290,252
Corporate Bonds	199,961,779	66,115,084	-	207,729	-	266,284,592
Corporate Stocks	927,421,075	417,662,830	-	475,803	-	1,345,559,708
Money Market Funds and Commercial Paper	-	18,098,744	-	11,073	572,818	18,682,635
Mutual Funds	108,525,278	-	-	-	-	108,525,278
Real Estate	-	44,270,329	-	-	-	44,270,329
Private Equity	1,420,880	-	-	-	-	1,420,880
Total Investments	<u>1,433,117,027</u>	<u>622,766,474</u>	<u>-</u>	<u>908,183</u>	<u>3,241,990</u>	<u>2,060,033,674</u>
Securities Lending Collateral	233,737,250	-	-	-	-	233,737,250
Total Assets	<u>1,710,054,240</u>	<u>631,045,262</u>	<u>33,710</u>	<u>914,528</u>	<u>3,242,165</u>	<u>2,345,289,905</u>
Liabilities						
Obligations Under Security Lending	233,737,250	-	-	-	-	233,737,250
Accounts Payable	259,535	766,096	33,710	764	-	1,060,105
Accrued Liabilities	38,379,232	-	-	-	-	38,379,232
Payable for Securities Purchased	8,121,785	6,286,810	-	-	-	14,408,595
Total Liabilities	<u>280,497,802</u>	<u>7,052,906</u>	<u>33,710</u>	<u>764</u>	<u>-</u>	<u>287,585,182</u>
Net Assets						
Held in Trust for Pension Benefits	<u>\$ 1,429,556,438</u>	<u>\$ 623,992,356</u>	<u>\$ -</u>	<u>\$ 913,764</u>	<u>\$ 3,242,165</u>	<u>\$ 2,057,704,723</u>

City of Miami, Florida
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended September 30, 2006

	Employee Retirement Funds					Totals
	Firefighter and Police (FIPO)	General and Sanitation (GESE) (Members)	General and Sanitation (GESE) (Excess Plan)	General and Sanitation (GESE) (Staff Plan)	Elected Officer's Retirement Trust (EORT)	Employee Retirement Funds
Additions						
Contributions:						
Employer	\$ 50,635,213	\$ 22,018,443	\$ 463,126	\$ 72,380	\$ 1,043,209	\$ 74,232,371
Plan Members	7,698,594	8,021,488	-	47,884	-	15,767,966
Total Contributions	<u>58,333,807</u>	<u>30,039,931</u>	<u>463,126</u>	<u>120,264</u>	<u>1,043,209</u>	<u>90,000,337</u>
Investment Earnings:						
Net Increase in Fair Value of Investments	87,797,953	44,001,681	-	22,736	-	131,822,370
Interest	19,173,353	8,482,038	-	21,688	104,603	27,781,682
Dividends	14,505,922	6,233,551	-	5,871	-	20,745,344
Other Income, net	851,164	204,225	-	26	-	1,055,415
Total Investment Earnings	<u>122,328,392</u>	<u>58,921,495</u>	<u>-</u>	<u>50,321</u>	<u>104,603</u>	<u>181,404,811</u>
Less Investment Expenses	5,302,137	2,729,501	-	2,923	-	8,034,561
Net Investment Earnings	<u>117,026,255</u>	<u>56,191,994</u>	<u>-</u>	<u>47,398</u>	<u>104,603</u>	<u>173,370,250</u>
Reimbursement Income from City	-	2,426,165	30,860	-	-	2,457,025
Total Additions	<u>175,360,062</u>	<u>88,658,090</u>	<u>493,986</u>	<u>167,662</u>	<u>1,147,812</u>	<u>265,827,612</u>
Deductions						
Benefits	69,804,227	48,077,147	463,126	-	142,885	118,487,385
Refunds upon Resignation, Death, etc.	596,041	1,753,133	-	-	-	2,349,174
Distribution to Retirees	11,760,063	-	-	-	-	11,760,063
Administrative and Other Expenses	42,726	2,276,558	30,860	-	-	2,350,144
Total Deductions	<u>82,203,057</u>	<u>52,106,838</u>	<u>493,986</u>	<u>-</u>	<u>142,885</u>	<u>134,946,766</u>
Change in Net Assets	<u>93,157,005</u>	<u>36,551,252</u>	<u>-</u>	<u>167,662</u>	<u>1,004,927</u>	<u>130,880,846</u>
Net Assets - Beginning of Year, as restated	<u>1,336,399,433</u>	<u>587,441,104</u>	<u>-</u>	<u>746,102</u>	<u>2,237,238</u>	<u>1,926,823,877</u>
Net Assets - End of Year	<u>\$ 1,429,556,438</u>	<u>\$ 623,992,356</u>	<u>\$ -</u>	<u>\$ 913,764</u>	<u>\$ 3,242,165</u>	<u>\$ 2,057,704,723</u>



STATISTICAL SECTION

FINANCIAL TRENDS

REVENUE CAPACITY

DEBT CAPACITY

**DEMOGRAPHIC AND
ECONOMIC INFORMATION**

OPERATING INFORMATION

STATISTICAL SECTION

This part of the City of Miami, Florida'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 City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	124
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	130
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	134
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	139
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	141

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

**CITY OF MIAMI, FLORIDA
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2002	2003	2004	2005	2006
Primary Government					
Invested in Capital Assets, Net of Related Debt	\$ 598,154,380	\$ 618,784,135	\$ 586,493,178	\$ 608,958,407	\$ 640,931,069
Restricted	115,031,965	114,327,395	149,143,544	153,641,905	188,895,278
Unrestricted	(16,932,986)	(35,234,348)	(64,134,990)	(82,047,220)	(98,069,477)
Total Primary Government Net Assets	<u>\$ 696,253,359</u>	<u>\$ 697,877,182</u>	<u>\$ 671,501,732</u>	<u>\$ 680,553,092</u>	<u>\$ 731,756,870</u>

Notes:

- (1) Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.
- (2) The City does not have any business type activities for financial reporting purposes.

**CITY OF MIAMI, FLORIDA
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses					
Governmental Activities:					
General Government	\$ 94,349,348	\$ 85,176,588	\$ 85,252,892	\$ 78,336,822	\$ 85,315,437
Planning and Development	13,289,988	13,579,968	13,148,696	16,259,651	16,911,621
Community Development	47,186,103	32,088,517	40,349,703	55,264,647	41,054,245
Community Redevelopment Areas	6,125,242	6,477,916	4,618,714	4,968,422	6,331,328
Public Works	53,950,238	60,708,046	49,498,193	70,987,541	65,958,181
Public Safety	200,727,361	226,580,865	282,427,868	325,533,600	347,976,631
Public Facilities	9,832,601	10,561,373	17,458,726	12,949,751	14,917,431
Parks and Recreation	19,550,960	20,152,074	44,275,606	24,293,055	25,718,056
Interest on Long-Term Debt	17,252,301	19,489,387	23,235,705	22,201,669	21,560,094
Unallocated Depreciation	25,765,566	25,765,567	26,147,570	26,147,088	26,690,642
Total Primary Government Expenses	\$ 488,029,708	\$ 500,580,301	\$ 586,413,673	\$ 636,942,246	\$ 652,433,666
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$ 25,145,862	\$ 38,112,181	\$ 48,955,278	\$ 41,775,235	\$ 51,161,759
Planning and Development	16,639,268	12,192,540	14,352,919	23,964,447	22,799,725
Community Development	3,121,251	2,058,660	2,069,068	777,291	4,053,520
Community Redevelopment Areas	2,848,509	310,182	220,517	45,163	214,142
Public Works	45,174,858	39,697,353	42,608,182	47,278,720	51,888,525
Public Safety	46,840,040	48,061,754	48,507,121	47,488,375	39,193,653
Public Facilities	13,605,750	16,273,110	16,736,649	22,792,948	25,137,318
Parks and Recreation	2,416,563	2,446,385	3,308,314	1,901,403	2,406,099
Operating Grants and Contributions	51,137,825	34,441,899	42,967,708	59,414,862	34,889,443
Capital Grants and Contributions	23,053,287	9,646,560	19,952,074	38,161,382	72,067,622
Total Primary Government Program Revenues	\$ 229,983,213	\$ 203,240,624	\$ 239,677,830	\$ 283,599,826	\$ 303,811,806
Net (Expense)/Revenue					
Total Primary Government Net Expense	\$ (258,046,495)	\$ (297,339,677)	\$ (346,735,843)	\$ (353,342,420)	\$ (348,621,860)
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes					
Property Taxes, Levied for General Purposes	\$ 133,633,077	\$ 146,828,411	\$ 163,056,413	\$ 191,640,650	\$ 226,508,118
Property Taxes, Levied for Debt Service	17,981,523	19,941,880	19,932,162	20,368,722	19,966,467
Franchise Taxes	28,390,470	31,556,387	35,024,215	35,918,724	41,342,214
State Revenue Sharing - Unrestricted	15,359,613	9,104,046	10,351,506	12,581,352	12,947,019
Sales and Other Use Tax	21,285,227	22,721,472	22,279,656	23,422,160	25,800,341
Public Service Taxes	58,314,804	58,900,480	60,024,832	61,114,292	57,991,178
Investment Earnings - Unrestricted	10,645,639	8,833,535	5,618,813	5,866,114	14,477,950
Loss on Disposal of Assets	-	-	-	(3,387,124)	-
Other	4,035,765	1,077,289	4,072,796	1,891,124	768,767
Total Primary Government	289,646,118	298,963,500	320,360,393	349,416,014	399,802,054
Change in Net Assets					
Total Primary Government	\$ 31,599,623	\$ 1,623,823	\$ (26,375,450)	\$ (3,926,406)	\$ 51,180,194

Notes:

- (1) Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.
- (2) The City does not have any business type activities for financial reporting purposes.

CITY OF MIAMI, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Ad Valorem Taxes General Purpose	Ad Valorem Taxes Debt Service	Franchise Taxes	Sales and Other Use Taxes	Public Service Taxes	Total
2002	\$ 133,633,077	\$ 17,981,523	\$ 28,390,470	\$ 21,285,227	\$ 58,314,804	\$ 259,605,101
2003	146,828,411	19,941,880	31,556,387	22,721,472	58,900,480	279,948,630
2004	163,056,413	19,932,162	35,024,215	22,279,656	60,024,832	300,317,278
2005	191,640,650	20,368,722	35,918,724	23,422,160	61,114,292	332,464,548
2006	226,508,118	19,966,467	41,342,214	25,800,341	57,991,178	371,608,318

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

**CITY OF MIAMI, FLORIDA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST FIVE FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ 3,205,250	\$ 4,957,194	\$ 3,439,120	\$ 3,224,542	\$ 894,059
Unreserved	138,322,603	136,905,142	133,413,642	113,880,513	125,362,454
Total General Fund	<u>\$ 141,527,853</u>	<u>\$ 141,862,336</u>	<u>\$ 136,852,762</u>	<u>\$ 117,105,055</u>	<u>\$ 126,256,513</u>
All Other Governmental Funds					
Reserved	\$ 50,030,424	\$ 47,462,015	\$ 59,142,160	\$ 78,343,670	\$ 96,569,917
Unreserved, reported in:					
Special Revenue Funds	37,641,587	42,890,394	47,901,687	49,180,840	43,934,094
Debt Service Funds	-	-	1,150,000	2,691,656	-
Capital Projects Funds	248,291,182	253,413,002	241,854,585	175,505,411	131,018,373
Total All Other Governmental Funds	<u>\$ 335,963,193</u>	<u>\$ 343,765,411</u>	<u>\$ 350,048,432</u>	<u>\$ 305,721,577</u>	<u>\$ 271,522,384</u>
					<u>\$ 397,778,897</u>

Notes:

- (1) Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

CITY OF MIAMI, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2002	2003	2004	2005	2006
Revenues					
Property Taxes	\$ 151,466,110	\$ 165,276,692	\$ 186,501,954	\$ 208,091,814	\$ 246,337,333
Franchise and Other Taxes	82,420,792	90,536,519	102,811,047	92,714,383	98,243,722
Licenses and Permits	21,375,993	21,469,973	23,011,688	27,394,427	28,468,593
Fines and Forfeitures	7,873,608	6,171,539	5,649,452	5,777,697	5,912,300
Intergovernmental Revenues	119,200,594	95,596,305	124,153,113	161,745,250	174,074,303
Charges for Services	112,810,566	98,801,168	102,172,563	110,483,424	106,682,451
Interest	14,361,868	12,869,537	9,054,422	8,715,234	18,979,204
Impact Fees	2,518,983	1,016,942	3,743,183	9,256,637	9,388,192
Other	11,819,604	9,518,349	15,370,429	5,721,312	15,376,683
Total Revenues	523,848,118	501,257,024	572,467,851	629,900,178	703,462,781
Expenditures					
General Government	90,559,876	79,149,782	71,744,631	44,713,551	49,995,402
Planning and Development	8,697,063	10,060,699	12,420,765	12,858,675	12,740,678
Community Development	47,497,163	32,025,868	39,073,478	57,803,782	40,978,910
Community Redevelopment Areas	6,055,846	6,935,388	4,610,070	4,608,027	5,982,541
Public Works	46,334,524	50,591,533	56,926,608	48,266,766	50,579,908
Public Safety	181,544,596	209,518,537	265,574,068	222,377,919	251,914,610
Public Facilities	7,926,285	7,867,401	10,243,873	11,426,487	11,795,688
Parks and Recreation	12,920,245	14,987,253	16,682,057	17,261,022	17,896,247
Risk Management (2)	-	-	-	29,162,254	25,546,486
Pensions (2)	-	-	-	73,862,309	78,864,757
Organizational Support (2)	-	-	-	23,917,033	25,161,646
Non-Departmental (2)	-	-	-	12,926,933	13,204,324
Debt Service:					
Principal	23,073,400	22,056,400	19,839,464	18,770,229	19,218,795
Interest and Other Charges	19,336,603	17,834,229	22,694,233	21,822,857	21,650,889
Capital Outlay	45,276,403	42,570,640	54,707,004	94,680,930	103,894,188
Total Expenditures	489,222,004	493,597,730	574,516,251	694,458,774	729,425,069
Excess (Deficiency) of Revenues Over Expenditures	34,626,114	7,659,294	(2,048,400)	(64,558,596)	(25,962,288)
Other Financing Sources (Uses)					
Transfers In	142,497,540	162,945,393	224,948,344	204,247,939	229,700,739
Transfers Out	(142,497,540)	(162,945,393)	(224,948,344)	(204,247,939)	(229,700,739)
Refunding Bonds Issued	73,575,000	47,070,000	4,180,000	-	-
Payments to Refunded Bond Escrow Agent	(69,980,000)	(46,592,593)	(4,062,502)	-	-
Bonds Issued	155,130,087	-	-	-	-
Loan	-	-	-	-	1,000
Capital Leases	-	-	3,204,349	-	-
Sale of Capital Assets	-	-	-	500,000	889,969
Total Other Financing Sources	158,725,087	477,407	3,321,847	500,000	890,969
Net Change In Fund Balances	\$ 193,351,201	\$ 8,136,701	\$ 1,273,447	\$ (64,058,596)	\$ (25,071,319)
Debt Service as a Percentage of Non-Capital Expenditures	9.55%	8.84%	8.18%	6.76%	6.53%

Notes:

(1) Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

(2) The City, in the 2005 fiscal year, revised the reporting for these functions in the governmental funds. Previously, these amounts were included in other functions.

CITY OF MIAMI, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST FIVE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Ad Valorem Taxes General Purpose	Ad Valorem Taxes Debt Service	Franchise Taxes	Sales and Other Use Taxes	Public Service Taxes	Total
2002	\$ 133,398,797	\$ 18,067,313	\$ 28,390,470	\$ 21,285,227	\$ 58,314,804	\$ 259,456,611
2003	145,520,698	19,755,994	31,556,387	22,721,472	58,900,480	278,455,031
2004	166,121,214	20,380,740	35,024,215	22,279,656	67,786,829	311,592,654
2005	187,998,820	20,092,994	35,918,724	23,422,160	56,795,255	324,227,953
2006	226,304,681	20,032,652	41,342,214	25,800,341	56,900,497	370,380,385

Note: Data not available prior to fiscal 2002 implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

CITY OF MIAMI, FLORIDA
NET ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Real Property			Net Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Net Assessed Value as a Percentage of Estimated Actual Value (1)
	Residential Property	Commercial Property	Personal Property				
1997	\$ 4,935,864,809	\$ 5,089,651,385	\$ 1,323,876,600	\$ 11,349,392,794	11.71	\$ 16,578,047,476	68.46%
1998	5,183,731,875	5,183,760,882	1,329,476,797	11,696,969,554	11.52	17,112,988,091	68.35%
1999	5,476,130,675	5,564,886,455	1,334,992,653	12,376,009,783	11.79	17,901,918,921	69.13%
2000	5,796,864,025	5,835,981,002	1,480,211,283	13,113,056,310	10.90	18,857,553,034	69.54%
2001	6,000,474,083	6,113,340,757	1,657,551,519	13,771,366,359	10.28	20,061,032,742	68.65%
2002	6,612,151,524	6,730,517,606	1,770,392,311	15,113,061,441	10.21	22,035,829,555	68.58%
2003	7,679,048,886	7,380,571,799	1,878,266,085	16,937,886,770	10.07	24,759,964,620	68.41%
2004	8,789,474,779	8,369,950,851	1,711,697,688	18,871,123,318	9.84	27,717,908,682	68.08%
2005	10,364,157,774	9,870,433,741	1,695,110,542	21,929,702,057	9.67	32,133,104,422	68.25%
2006	12,959,276,770	12,341,927,389	1,676,173,129	26,977,377,288	9.26	39,120,899,711	68.96%

Source: Miami-Dade County Property Appraiser's Office.

Note: Property in the City is reassessed each year. State law requires the Property Appraiser to appraise property at 100% of market value. The Florida Constitution was amended, effective January 1, 1995, to limit annual increases in assessed value of property with homestead exemption to 3 percent per year or the amount of the Consumer Price Index, whichever is lower. The increase is not automatic since assessed value shall exceed market value. Tax rates are per \$1,000 of assessed value.

(1) Includes tax-exempt property.

CITY OF MIAMI, FLORIDA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll Year	City of Miami, Florida			Overlapping Rates (1)								Total Direct and Overlapping Rates
		General Operations	Debt Service	Total City	Miami-Dade County School Board	Miami-Dade County	Miami-Dade Children's Trust	Miami-Dade County Library System	South Florida Water Management District	Environmental Projects	Florida Inland Navigation District		
1997	1996	\$ 9.5995	\$2.1060	\$11.7055	\$ 10.4660	\$ 7.2430	-	\$ 0.3390	\$ 0.5720	\$ -	\$ 0.0380	\$ 30.3635	
1998	1997	9.5995	1.9200	11.5195	10.5620	6.9520	-	0.3160	0.5970	-	0.0500	29.9965	
1999	1998	10.0000	1.7900	11.7900	10.2600	6.8600	-	0.3340	0.5970	-	0.0470	29.8880	
2000	1999	9.5000	1.4000	10.9000	9.7440	6.6250	-	0.3210	0.5970	-	0.0440	28.2310	
2001	2000	8.9950	1.2800	10.2750	9.7170	6.4030	-	0.3510	0.5970	-	0.0410	27.3840	
2002	2001	8.9950	1.2180	10.2130	9.4760	6.2650	-	0.4510	0.5970	-	0.0385	27.0405	
2003	2002	8.8500	1.2180	10.0680	9.3520	6.2790	-	0.4860	0.5970	-	0.0385	26.8205	
2004	2003	8.7625	1.0800	9.8425	9.2000	6.2540	0.5000	0.4860	0.5970	-	0.0385	26.9180	
2005	2004	8.71625	0.9500	9.6663	8.6870	6.2200	0.4442	0.4860	0.5970	0.1000	0.0385	26.23895	
2006	2005	8.49950	0.7650	9.2645	8.4380	6.1200	0.4288	0.4860	0.5970	0.1000	0.0385	25.47280	

Sources: City of Miami, Florida Finance Department and Miami-Dade County Property Appraiser's Office.

Note: All millage rates are based on \$1 for every \$1,000 of assessed value.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Miami, Florida. Not all overlapping rates apply to all City of Miami, Florida property owners (i.e. the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

**CITY OF MIAMI, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

2006				1997			
Taxpayer	Net Assessed Value	Rank	Percent of Total City Net Assessed Value	Taxpayer	Net Assessed Value	Rank	Percent of Total City Net Assessed Value
SRI Miami Ventures, LP	\$ 287,500,000	1	1.07%				
Teachers Ins & Annuity Assoc	262,400,000	2	0.97%				
Florida Power & Light	256,476,419	3	0.95%	Florida Power & Light	\$ 162,593,000	2	1.43%
Prudential Insurance Co.	167,000,000	4	0.62%	Prudential Insurance Co.	79,000,000	7	0.70%
1111 Brickell Office LLC	128,800,000	5	0.48%				
Terremark	125,390,640	6	0.46%				
Park Place	113,983,435	7	0.42%				
Biscayne Tower Group	100,600,000	8	0.37%				
Swire Properties	88,695,772	9	0.33%	Swire Properties	70,006,000	8	0.62%
Cedars Healthcare Group	83,689,876	10	0.31%				
				Southern Bell Telephone	161,157,000	3	1.42%
				Aetna Life Insurance	196,730,000	1	1.73%
				Metropolitan Life Ins. Co.	128,555,000	4	1.13%
				Equitable Life Assurance	79,735,000	5	0.70%
				Brickell Associates	79,000,000	6	0.70%
				Brickell Square	61,500,000	9	0.54%
				Inter-Continental	50,997,000	10	0.45%
	<u>\$ 1,614,536,142</u>		<u>5.98%</u>		<u>\$ 1,069,273,000</u>		<u>9.42%</u>

**CITY OF MIAMI, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30,	Total Taxes Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Year's	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1997	\$ 132,850,000	\$ 128,783,000	96.94%	\$ 3,479,776	\$ 132,262,776	99.56%
1998	134,743,241	127,911,000	94.93%	6,330,294	134,241,294	99.63%
1999	145,913,155	143,515,000	98.36%	1,405,841	144,920,841	99.32%
2000	142,932,314	136,028,063	95.17%	6,174,244	142,202,307	99.49%
2001	141,425,410	134,535,715	95.13%	5,959,373	140,495,088	99.34%
2002	152,339,301	146,185,141	95.96%	4,079,641	150,264,782	98.64%
2003	167,490,551	157,339,038	93.94%	7,735,274	165,074,312	98.56%
2004	186,253,134	183,845,937	98.71%	1,640,252	185,486,189	99.59%
2005	208,091,814	199,072,981	95.67%	2,379,977	201,452,958	96.81%
2006	242,077,783	234,361,909	96.81%	-	234,361,909	96.81%

Source: City of Miami, Finance Department and Miami-Dade County Tax Collector's Office

CITY OF MIAMI, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Governmental Activities				Total	Percent of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Loans Payable	Capital Leases			
1997	\$157,020,000	\$162,726,368	\$ 71,724,000	\$ 3,294,000	\$ 394,764,368	2.11%	\$ 1,080
1998	142,755,000	156,146,325	72,689,364	2,274,808	373,865,497	2.34%	1,023
1999	130,205,000	149,331,325	67,923,364	1,515,833	348,975,522	2.60%	955
2000	119,150,000	142,061,325	65,357,964	593,800	327,163,089	2.92%	895
2001	107,620,000	134,531,325	62,040,564	-	304,191,889	3.17%	839
2002	252,615,822	128,861,019	58,877,164	-	440,354,005	2.20%	1,215
2003	236,549,956	151,566,324	28,230,764	-	416,347,044	2.40%	1,149
2004	225,944,956	145,130,260	25,567,364	2,525,936	399,168,516	N/A	1,101
2005	215,729,956	138,676,431	23,465,964	1,921,177	379,793,528	N/A	1,048
2006	205,306,932	132,131,060	21,216,564	1,298,941	359,953,497	N/A	993

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

(1) See the Schedule of Demographic and Economic Statistics on page 137 for personal income and population data.

N/A Information not available

CITY OF MIAMI, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	General Obligation Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
1997	\$ 157,020,000	\$ 4,730,000	\$ 152,290,000	0.919%	\$ 416.61
1998	142,755,000	2,645,000	140,110,000	0.819%	383.29
1999	130,205,000	4,280,363	125,924,637	0.703%	344.48
2000	119,150,000	4,314,466	114,835,534	0.609%	314.15
2001	107,620,000	3,795,503	103,824,497	0.518%	286.44
2002	249,711,406	5,140,714	244,570,692	1.110%	674.73
2003	236,549,956	1,410,866	235,139,090	0.950%	648.71
2004	225,944,956	966,126	224,978,830	0.812%	620.68
2005	215,729,956	1,512,591	214,217,365	0.667%	590.99
2006	205,306,932	1,994,991	203,311,941	0.520%	560.91

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

- (1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 128 for property value data.
- (2) See the Schedule of Demographic and Economic Statistics on page 137 for population data.

CITY OF MIAMI, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2006

Government Unit	Net Debt Outstanding	Percentage Applicable to the City of Miami (1)	Amount Applicable to the City of Miami
Debt Repaid With Property Taxes:			
Miami-Dade County	\$ 507,316,000	19.00%	\$ 96,390,040
Miami-Dade County School Board	903,577,044	19.00%	<u>171,679,638</u>
Subtotal, Overlapping Debt			<u>268,069,677</u>
City of Miami, Florida Direct Debt (excludes Capital Leases)			<u>358,654,556</u>
Total Direct and Overlapping Debt			<u><u>\$ 626,724,233</u></u>

Sources: Data provided by the Miami-Dade County Finance Department and the Miami-Dade County School Board.

Note Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Miami. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Value that is within the City's boundaries and dividing it by the County's and School Board's total taxable assessed value. This approach was also used for the other debt.

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	\$ 1,702,409,000	\$ 1,754,545,433	\$ 1,856,401,467	\$ 1,966,958,447	\$ 2,065,704,949	\$ 2,266,959,216	\$ 2,540,683,016	\$ 2,830,668,498	\$ 3,289,455,309	\$ 4,046,606,593
Total Net Debt Applicable to Limit	153,629,000	139,360,000	127,927,234	114,914,079	103,824,851	249,711,407	236,549,956	224,978,830	214,217,365	203,311,941
Legal Debt Margin	\$ 1,548,780,000	\$ 1,615,185,433	\$ 1,728,474,233	\$ 1,852,044,368	\$ 1,961,880,098	\$ 2,017,247,809	\$ 2,304,133,060	\$ 2,605,689,668	\$ 3,075,237,944	\$ 3,843,294,652
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.02%	7.94%	6.89%	5.84%	5.03%	11.02%	9.31%	7.95%	6.51%	5.02%

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	\$ 28,082,965,941
Less: Homestead Exempt Valuation	(1,105,588,653)
Total Assessed Value	<u>\$ 26,977,377,288</u>
Debt Limit for Bonds (15% of Total Assessed Value)	<u>\$ 4,046,606,593</u>
Present Debt Application to Debt Limitation	
General Obligation Debt	205,306,932
Less: Amount Available in Debt Service Fund	(1,994,991)
Total Net Debt Applicable to Limit	<u>203,311,941</u>
Legal Debt Margin	<u>\$ 3,843,294,652</u>

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

Fiscal Year Ended September 30,	Non-Ad Valorem Revenues (1)	Debt Service		2x Annual Debt Service	Coverage (2)
		Principal	Interest		
1997	\$ 187,672,000	\$ 11,121,400	\$ 17,000,831	\$ 56,244,462	3.34%
1998	205,663,020	11,241,400	12,677,883	47,838,566	4.30
1999	170,186,403	9,240,400	11,886,971	42,254,742	4.03
2000	211,641,947	9,602,400	11,924,590	43,053,980	4.92
2001	226,040,821	10,243,400	10,524,127	41,535,054	5.44
2002	240,074,038	8,546,400	13,652,298	44,397,396	5.41
2003	250,581,519	7,809,464	13,997,817	43,614,562	5.75
2004	260,251,789	9,099,464	12,625,974	43,450,876	5.99
2005	261,901,194	8,555,229	12,491,326	42,093,110	6.22
2006	289,038,101	8,795,771	12,519,779	42,631,100	6.78

Note:

- (1) Non ad valorem revenues shall mean all legally available revenues and taxes of the governmental unit in the Funds (defined as the general fund, special revenue funds, the capital project funds, the special assessment funds, and the expandable trust fund(s) derived from any source whatever other than ad valorem taxation on real and personal property, including appropriated fund balances in the funds and applicable operating transfers (in).
 Non Ad Valorem Revenues are required to be two times greater than projected debt service.
- (2) The Sunshine State Government Financing Loans require that available non-ad valorem revenues be two times the annual projected debt service for all debt other than general obligation debt of the City.

**CITY OF MIAMI, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Year	Population (1)	Personal Income (Amounts Expressed in Thousands) (2)	Per Capital Personal Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
1997	365,548	\$ 8,312,562	\$ 22,740	35.00	\$ 340,904	7.10%
1998	365,548	8,749,391	23,935	35.00	345,861	6.40
1999	365,548	9,087,523	24,860	35.00	352,595	5.80
2000	365,548	9,538,244	26,093	35.60	360,202	5.30
2001	362,470	9,639,527	26,594	35.90	368,453	6.90
2002	362,470	9,706,947	26,780	36.90	374,725	7.70
2003	362,470	10,001,635	27,593	37.00	371,482	7.50
2004	362,470	N/A	29,076	36.60	369,578	5.70
2005	362,470	N/A	N/A	37.40	361,550	4.70
2006	362,470	N/A	N/A	N/A	365,784	3.40

Sources:

- (1) United States Census Bureau
 - (2) Miami-Dade County Finance Department
 - (3) Miami-Dade County School Board Budget Office
 - (4) Florida Agency for Workplace Innovation, Office of Workforce Information Services,
Labor Market Statistics
- N/A Information not available

**CITY OF MIAMI, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Miami-Dade County Public Schools	50,000	1	4.49%	33,658	1	3.08%
Miami-Dade County	32,000	2	2.87%	28,000	2	2.56%
U.S. Federal Government	20,400	3	1.83%	17,600	4	1.61%
Baptist Health Systems of South Florida	10,826	4	0.97%	-	-	-
State of Florida	17,000	5	1.53%	17,700	3	1.62%
Public Health Trust/Jackson Memorial Hospit	10,500	6	0.94%	7,216	7	0.66%
University of Miami	9,874	7	0.89%	7,574	6	0.69%
American Airlines	9,000	8	0.81%	9,000	5	0.82%
Miami-Dade College	6,500	9	0.58%	-	-	0.00%
Precision Response Corporation	6,000	10	0.54%	5,000	8	0.46%
Bell South Telecommunications	-	-	-	-	-	-
Florida Power & Light	-	-	-	3,400	9	0.31%
Burdines Department Stores	-	-	-	3,400	10	0.31%
Total	<u>172,100</u>		<u>15.45%</u>	<u>132,548</u>		<u>12.12%</u>

Source: The Beacon Council/Miami-Dade County, Florida

CITY OF MIAMI, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of Employees:										
General Government	487	390	460	488	511	523	587	594	617	641
Planning and Development	114	192	109	109	127	141	140	138	147	141
Community Development	73	23	140	140	172	170	91	77	73	61
Public Works	554	447	477	479	500	507	498	497	505	542
Public Safety	1,624	1,655	2,345	2,388	2,346	2,275	2,248	2,140	2,138	2,222
Public Facilities	48	44	34	34	37	37	33	43	45	55
Culture and Recreation	67	126	128	129	136	136	141	148	188	190
Total Number of Employees	2,967	2,877	3,693	3,767	3,829	3,789	3,738	3,637	3,713	3,852

Source: City of Miami, Budget Department

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

<u>Function/Program</u>	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Community Development:										
Entitlements/Grants Received	\$ 30,242,954	\$ 30,238,553	\$ 44,278,455	\$ 35,755,804	\$ 53,634,346	\$ 38,337,736	\$ 35,569,042	\$ 32,351,101	\$ 37,191,063	\$ 30,816,293
Public Safety:										
Police:										
Part 1 Crimes - (1)	50,271	44,930	40,048	39,759	35,291	33,952	33,527	30,966	29,455	26,219
Part 1 Arrests - (1)	9,242	8,154	8,320	7,521	8,812	8,368	6,729	6,662	5,728	4,359
Part 2 Arrests - (2)	23,440	27,461	42,198	42,236	41,089	31,077	26,786	38,467	33,385	33,408
Fire:										
Number of Fire Calls	11,567	12,239	11,897	13,310	12,945	12,228	15,571	17,889	19,017	12,694
Number of EMS Calls	58,716	57,930	58,507	60,166	63,104	63,041	62,784	64,500	67,300	70,423
Number of Alarms	70,283	70,169	70,404	73,476	76,049	75,269	78,355	82,389	86,318	83,117
Planning and Development:										
Certificate of Use Permits Issued	20,362	19,351	19,394	19,682	19,483	20,366	20,625	20,422	21,123	21,142
Occupational Licenses Issued	37,488	37,116	36,250	36,867	38,207	37,524	39,040	39,422	40,371	34,197
Culture and Recreation:										
Summer Food Program - Meals Served (Lunches)	92,619	97,276	68,603	67,589	83,515	96,249	124,701	122,749	89,324	55,126
Summer Food Program - Meals Served (Snacks)	103,558	117,363	92,285	96,128	116,899	132,481	146,786	115,837	100,870	61,000
Solid Waste:										
Refuse Collected (Tons/Day)	N/A	706	735	748	725	805	768	793	578	713
Recyclables Collected (Tons/Day)	N/A	N/A	N/A	N/A	28	28	24	21	72	10

Sources: Various City Departments

Note: Indicators are not available for the general government function.

(1) Part 1 crimes and arrests include murder, rape, robbery, aggravated assault, burglary, larceny, and motor vehicle theft.

(2) Part 2 arrests include all other arrests that are not Part 1 crimes.

N/A Information not available.

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

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety:										
Police:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Sub-Stations	2	2	2	2	2	2	2	2	2	2
Fire:										
Fire Stations	12	12	12	12	12	12	12	12	14	14
Solid Waste:										
Collection Trucks	N/A	N/A	N/A	117	132	153	172	176	152	151
Public Works:										
Streets (Miles- Paved)	661.0	660.8	660.8	660.5	659.2	659.0	658.9	658.9	660.0	667.4
Streets (Miles - Unpaved)	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.4	1.4	3.1
Transportation:										
Street Resurfacing (Miles)	N/A	N/A	N/A	N/A	N/A	N/A	25.0	33.5	33.5	17.9
Culture and Recreation:										
Parks Acreage	800	800	800	800	800	800	800	800	800	800
Parks	110	110	110	110	110	110	110	111	111	112
Swimming Pools	10	10	10	10	10	10	10	10	10	12
Tennis Courts	53	53	53	53	53	53	53	53	53	53
Community Centers	25	25	25	26	26	30	30	31	30	32
Basketball Courts	63	63	63	63	63	63	63	63	61	63
Water Playgrounds	-	-	-	-	-	-	-	1	1	1
Soccer Fields	6	6	6	6	6	6	6	7	7	7
Football Fields	12	12	12	12	12	12	12	12	12	12
Baseball Fields	25	25	25	25	25	25	25	25	21	25

Sources: Various City Departments

Note: No capital asset indicators are available for the general government function.

N/A Information not available.

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