

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2008

CITY OF MIAMI BEACH, FLORIDA



MIAMIBEACH

City of Miami Beach, Florida

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2008

Jorge M. Gonzalez
City Manager

Patricia D. Walker
Chief Financial Officer

Report prepared by: Finance Department

**City of Miami Beach, Florida
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2008**

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INTRODUCTORY SECTION



MIAMI BEACH

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

March 30, 2009

Honorable Mayor and Members of the City Commission:

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Miami Beach, Florida (the "City"), for the fiscal year ended September 30, 2008.

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

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

State statutes require an annual audit by independent certified public accountants. The selection of the accounting firm McGladrey & Pullen, LLP as the City's independent certified public accountants, was made following recommendation by an appointed evaluation committee to the City Manager, who reviewed the selection and made recommendation to the City Commission. The selection of McGladrey and Pullen, LLP was then approved by the City Commission. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

Profile of the Government

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

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

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

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

Factors Affecting Financial Condition

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

Local Economy. The City is a barrier island surrounded by the Atlantic Ocean to the east and Biscayne Bay to the west. Tourism is the largest sector of the City's economy with over \$1.6 billion in direct tourist spending on hotel, food, and beverage, and also a large portion of the City's \$900 million retail marketplace. This past year, the City's hotels hosted approximately 5 million visitors, and nearly 8 million tourists visited South Beach and the Art Deco Historic district. Additionally, the City remains a regional resource, with approximately 7 to 9 million day-trips by residents of the surrounding area, making the City one of the most popular attractions in Florida. Hotel room sales increased from \$775 million in 2007 to \$787.5 million in 2008. January 2009 room sales were up 2.5% over January 2008, and 2008 hotel room occupancy remained steady at 72.3%. The inventory of hotel rooms increased significantly from 13,506 at the beginning of 2008 to 15,998 in January 2009, providing the City with additional resources and product to attract visitors.

Moreover, the overall economy of the City remained stable, with an estimated gross City product of \$7.2 billion in 2008, a slight increase from \$7.03 billion in 2007. During the years from 2002 through 2008, not only was there significant job creation which increased 16.6% from 36,432 to 42,482, but the City's Prosperity Index, which is wage growth compared to job growth, was also positive with an increase of 45.6% in the average wage, from \$27,830 to \$40,521 during the same period (7.6% annualized). Although the unemployment rate rose during the second half of 2008, the City finished 2008 at a rate of 4.56% for the 4th quarter. This is well below comparable geographies, such as 6.2% for the Metropolitan Statistical Area, and 7.4% for the State of Florida.

In recent years, the City has diversified beyond its traditional tourism based economy to become a multifaceted industrial center and regional leader in information technology, health care, arts, and culture. In 2008, the world's most prestigious art fair, based in Basel, Switzerland, held its sixth Miami Beach exhibition, with attendance and sales exceeding expectations. Additionally, the City and the New World Symphony (the "Symphony") have entered into a partnership through which the Symphony is constructing a new, state of the art performance and recording facility on City-owned land. This facility will be a technological wonder designed by celebrity architect Frank Gehry and the first of its kind in the world.

Construction activity continued at significant levels during 2008, culminating with the completion of over \$1 billion in investments at the Fontainebleau and Eden Roc resort hotels. Retail tenants continue to open locations and expand in the City, joining established operations such as Armani Exchange, Kenneth Cole, Office Depot, Diesel, and Nicole Miller. New retailers include Guess and Morgan Miller Shoes. Construction on Fifth and Alton of a vertical retail center with 180,000 square feet of retail space and 1,100 parking spaces is near completion, with leases executed with tenants such as Publix, Best Buy, and Staples. Class A office space in prime locations continues to be absorbed with a vacancy rate of approximately 7.6%. The office market is anchored by corporate tenants such as LNR Property Corporation and Terranova.

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

The City continues to be a leader in the real estate industry, as the median price of homes and condominiums stabilized in 2007 and through 2008, although volume declined from the record, but unsustainable 2004-2005 levels. Growth management initiatives in the late 1990's resulted in more limited supply, somewhat reducing the exposure of excess new residential inventory that is being experienced in some other locations, however; the number of existing units for sale has increased consistent with other areas. Furthermore, the end of 2008 saw the beginning of a decline in the number of condominium units for sale, from over 4,000 in early 2008, to 3,700 in December. The average number of days that units were on the market also declined, from 172 in January 2008, to 130 in December.

Property Tax Reform Amendment (Amendment 1). On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000, except for school district taxes. The new \$25,000 homestead exemption does not apply to school district taxes, resulting in an estimated annual savings of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

We are committed to providing excellent public service and safety to all who live, work, and play in our vibrant, tropical, historic community.

Amendment 1 became effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which became effective on January 1, 2009.

Based on the January 1, 2007 tax roll provided by the Miami-Dade County Property Appraiser's Office, the initial estimated annual loss of property tax revenues for Miami Beach is approximately \$2,996,275, broken down as follows:

- \$2,058,947 from the additional \$25,000, homestead exemption;
- \$346,402 from the \$25,000 exemption for tangible personal property;
- Determination of the impact of the portability is challenging, however, initial estimates provided by Miami-Dade County indicate that the impact could be up to \$590,926;
- While the 10% assessment cap on non-homestead property will impact individual properties, it may not have a direct negative impact on overall property tax revenues, due to the "roll-back" methodology approved by the Legislature.

Long-Term Financial Planning. In an effort to meet the service demands of residents and visitors, the City continues to address, with a creative and resourceful approach, 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 FY 2008-2012 five year Capital Improvement Plan, covering the period from October 1, 2007 through September 30, 2012, has earmarked funding in an estimated \$944 million for the following program areas:

- Parking – Garages and Surface lots
- Parks and Recreation – Community centers, Golf Courses, and Parks
- Public Facilities – Convention Center & Theater of Performing Arts, and General Public Buildings
- Public Works – Environmental, Lighting, Storm Drainage, and Street/Sidewalk/Streetscape Improvements
- Equipment – Fleet Management, Information Technology, Property Management, and Water & Sewer.

The City, in an efficient and innovative manner, has prudently funded its Capital Improvement Program and for the tenth straight years achieved a reduction in its General Obligation Debt Service Millage to the current rate of 0.242 mills for fiscal year 2008. The City has been able to achieve this reduction in its Debt Service Millage at the same time, issuing over \$95.6 million in new debt through the following funding mechanisms during the last ten years:

- \$62 million of General Obligation Bonds (for improvements to neighborhoods, parks and public safety),
- \$15 million Golf Course Loan, and
- \$13 million Equipment Loan

Debt Administration. The City continues to maintain its AA- rating with Standard and Poor's. In October of 2006, our rating with Moody's Investors Service was raised from A1 to Aa3. Under current state statutes, general obligation bonded debt issued by the City is subject to a legal limitation based on 15% of total assessed value of real and personal property. As of September 30, 2008, the general obligation bonded debt of the City totaling \$76.1 million was well below the legal limit of \$3.85 billion. The City's total debt per capita equaled \$4,656 at September 30, 2008.

We are committed to providing excellent public service and safety to all who live, work, and play in our vibrant, tropical, historic community.

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

The average yield on investments, except for the pension trust funds, was 3.83%. The pension and Postemployment Benefits Other than Pension (OPEB) trust funds had a yield rate loss of 11.18% for this same period.

The investment policy of the City is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either covered by federal depository insurance or a collateral pool held by the State Treasurer for the benefit of all public deposits in Florida, or by collateral held by third parties in trust in the name of the City.

Risk Management. The City has a risk management program for workers' compensation, general liability, and auto liability. As part of this comprehensive plan, resources are being accumulated in the self-insurance internal service fund to meet potential losses. In addition, various risk control techniques, including employee accident prevention training, have been implemented to minimize accident-related losses. The City currently has \$13.9 million available for losses.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2007. This was the twenty-first (21) consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2007. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

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

Sincerely,


Jorge M. Gonzalez
City Manager


Patricia D. Walker
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Miami Beach
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

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



A handwritten signature in black ink, appearing to read "M. L. R.", positioned above the title "President".

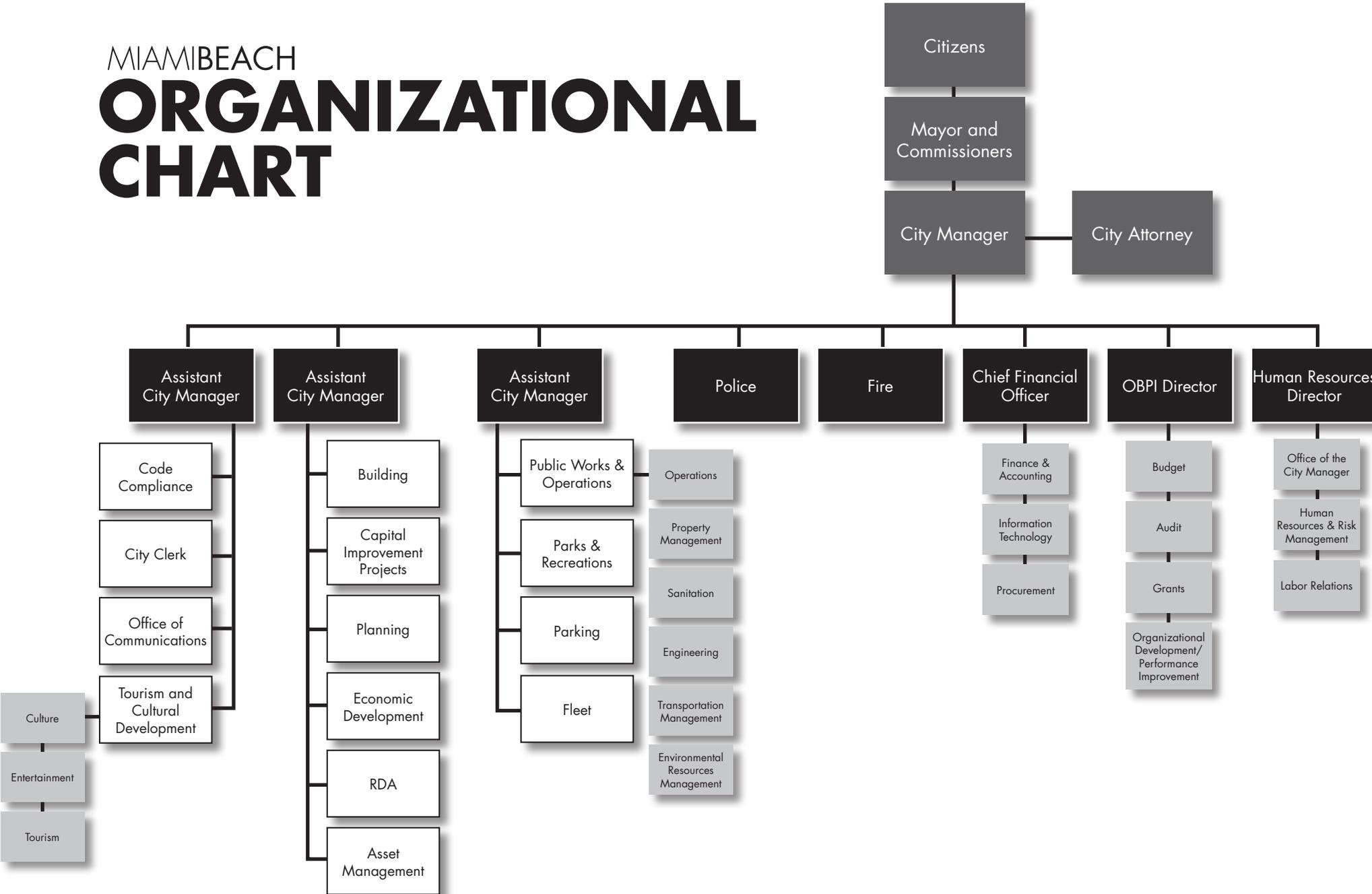
President

A handwritten signature in black ink, reading "Jeffrey R. Enos", positioned above the title "Executive Director".

Executive Director

MIAMIBEACH

ORGANIZATIONAL CHART



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

September 30, 2008

City Commission

Matti Herrera Bower, Mayor

Richard L. Steinberg, Vice-Mayor

Saul Gross, Commissioner
Jerry Libbin, Commissioner
Edward L. Tobin, Commissioner
Deede Weithorn, Commissioner
Jonah Wolfson, Commissioner

Administration

Jorge M. Gonzalez, City Manager

Patricia D. Walker, Chief Financial Officer

Hilda Fernandez, Assistant City Manager
Timothy Hemstreet, Assistant City Manager
Robert C. Middaugh, Jr., Assistant City Manager

FINANCIAL SECTION

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami Beach, Florida (the "City"), as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Miami Beach Florida Employees' Retirement Plan, the City of Miami Beach Florida Pension Fund for Firefighters and Police Officers, the Firemen's Relief and Pension Fund, and the Policemen's Relief and Pension Fund (collectively, the Plans), which represent 85% of the total assets of the aggregate remaining fund information. We also did not audit the financial statements of the Visitor and Convention Authority ("VCA") which reflects 86% and 93%, respectively, of the assets and revenue of the City's discretely presented component units and the Miami Beach Convention Center as managed by SMG ("SMG"), which reflects 1% and 8%, respectively, of the assets and revenue of the enterprise funds. 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 Plans, VCA and SMG is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Miami Beach Convention Center as managed by SMG, the City of Miami Beach Employees' Retirement Plan and the City of Miami Beach Florida Pension Fund for Firefighters and Police Officers, and the Policeman's Relief and Pension Fund were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Miami Beach, Florida, as of September 30, 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note II to the financial statements, the City adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No.45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, as of October 1, 2007.

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated March 30, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 on our compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

McGladrey & Pullen, LLP

Miami-Dade County, Florida
March 30, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Our discussion and analysis of the City of Miami Beach's (the "City") financial performance provides an overview of the City's financial activities for the year ended September 30, 2008. We encourage readers to consider the information presented herein in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at September 30, 2008 by \$943 million (net assets). Of this amount, \$526.9 million was invested in capital assets, net of related debt. Additionally, \$164.3 million was restricted by laws, agreements, or debt covenants. The City has unrestricted net assets of \$251.9 million.
- During fiscal year 2008, the City's net assets increased by \$104.5 million. Of this increase, \$88.1 million was in governmental activities and the remaining increase of \$16.4 million in business-type activities. For the governmental activities, revenues from charges for services increased \$3.6 million or 6.3%, operating grants and contributions decreased \$14.9 million or 36.8%, capital grants and contributions increased \$12.8 million or 682.4% and general revenues decreased by \$4.5 million or 1.7%. Expenses also decreased \$5.3 million or 2%. For the business-type activities, charge for services increased \$5.8 million or 6%, expenses increased \$2.9 million or 2.7% over the prior year.
- The City's assets increased by \$100.3 million or 7.3%. The net increase is mainly attributed to an increase in capital assets, net of accumulated depreciation of \$122.1 million or 15.8%.
- The City's total liabilities had a net decrease of \$4.2 million or .79% during the year. Long term liabilities decreased by \$13.4 million or 2.7 %, while short term liabilities increased by \$9.2 million or 22.1%
- At September 30, 2008 unreserved fund balance in the City's governmental fund was \$276.7 million. This includes the general fund, with an unreserved fund balance of \$44.6 million. Revenues for the governmental funds were \$348.9 million, expenditures were \$337.7 million and net other financing uses were \$.77 million. The general fund accounted for \$214.1 million of the revenues, \$212.6 million of the expenditures and \$.82 million of the net other financing uses.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

Both the statement of net assets and the statement of activities of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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

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

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

Fund Financial Statements

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

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

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

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

The City adopts an annual appropriated budget for its general fund, its resort tax special revenue fund, and its Miami Beach Redevelopment Agency's special revenue fund. A budgetary comparison statement has been provided for all of the above funds to demonstrate compliance with the fund's budget.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

business-type functions, they have been included within the governmental activities in the government-wide financial statements.

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

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

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

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

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

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-80 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also represents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees. Required supplemental information can be found on pages 81-84 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds and internal service funds are presented immediately following the required supplemental information on pensions. Combining and individual fund statements and schedules can be found on pages 85-105 of this report.

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

Government-wide Financial Analysis

The table below summarizes the statement of net assets:

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

	Governmental activities		Business-type activities		Total	
	2007	2008	2007	2008	2007	2008
Current and other assets	\$ 374,323	\$ 392,172	\$ 232,465	\$ 192,748	\$ 606,788	\$ 584,920
Capital assets	380,963	447,651	390,919	446,358	771,882	894,009
Total assets	<u>755,286</u>	<u>839,823</u>	<u>623,384</u>	<u>639,106</u>	<u>1,378,670</u>	<u>1,478,929</u>
Long-term liabilities						
outstanding	303,195	294,884	195,374	190,254	498,569	485,138
Other liabilities	26,234	30,949	15,351	19,818	41,585	50,767
Total liabilities	<u>329,429</u>	<u>325,833</u>	<u>210,725</u>	<u>210,072</u>	<u>540,154</u>	<u>535,905</u>
Net assets:						
Invested in capital assets, net of related debt	228,227	286,955	261,688	239,922	489,915	526,877
Restricted	93,796	142,367	28,894	21,888	122,690	164,255
Unrestricted	103,834	84,668	122,077	167,224	225,911	251,892
	<u>\$ 425,857</u>	<u>\$ 513,990</u>	<u>\$ 412,659</u>	<u>\$ 429,034</u>	<u>\$ 838,516</u>	<u>\$ 943,024</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$943 million at September 30, 2008, an increase of \$104.5 million or 12.5% from the prior year.

The largest portion of the City's net assets, \$526.9 million or 55.9%, reflects its investment in capital assets (e.g., land, building, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$164.3 million or 17.4% represents resources that are subject to external restrictions on how they may be used. This includes grant proceeds, Redevelopment Agency tax increments, Resort Tax proceeds, impact fees and debt service requirements. The remaining balance of unrestricted net assets, \$251.9 million or 26.7% includes \$49.9 million reserved for encumbrances, \$38.1 million designated for contingencies, and \$2.1 million in unrealized gains on investment.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. The City's net assets increased by \$104.5 million or 12.5% during the current fiscal year. Governmental activities accounted for an increase of \$88.1 million or 84.3% while Business-type accounted for \$16.4 million or 15.7% of the increase.

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

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

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

	2007	2008
Revenues:		
Program revenues:		
Charges for services	\$ 56,384	\$ 59,945
Operating grants and contributions	40,520	25,592
Capital grants and contributions	1,883	14,732
General revenues:		
Taxes:		
Property taxes, levied for general purposes	139,183	125,339
Property taxes, levied for debt services	6,411	6,246
Resort taxes	36,596	38,100
Tax increment	34,521	48,965
Local business	3,663	3,342
Utility taxes	13,098	13,786
Miscellaneous	119	1,304
Unrestricted investment earnings	22,675	14,715
Total revenues	355,053	352,066
Expenses:		
General government	48,188	44,608
Public safety	133,068	149,954
Physical environment	2,419	1,685
Transportation	10,187	9,734
Economic environment	22,006	4,293
Human services	1,439	1,721
Culture and recreation	38,301	39,430
Interest on long-term debt	13,571	12,477
Total expenses	269,179	263,902
Increase in net assets before transfers and gain on sale of capital assets	85,874	88,164
Transfers	(3,310)	(252)
Gain on sale of capital assets	258	221
Increase in net assets	82,822	88,133
Net assets - beginning	343,035	425,857
Net assets - ending	\$ 425,857	\$ 513,990

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

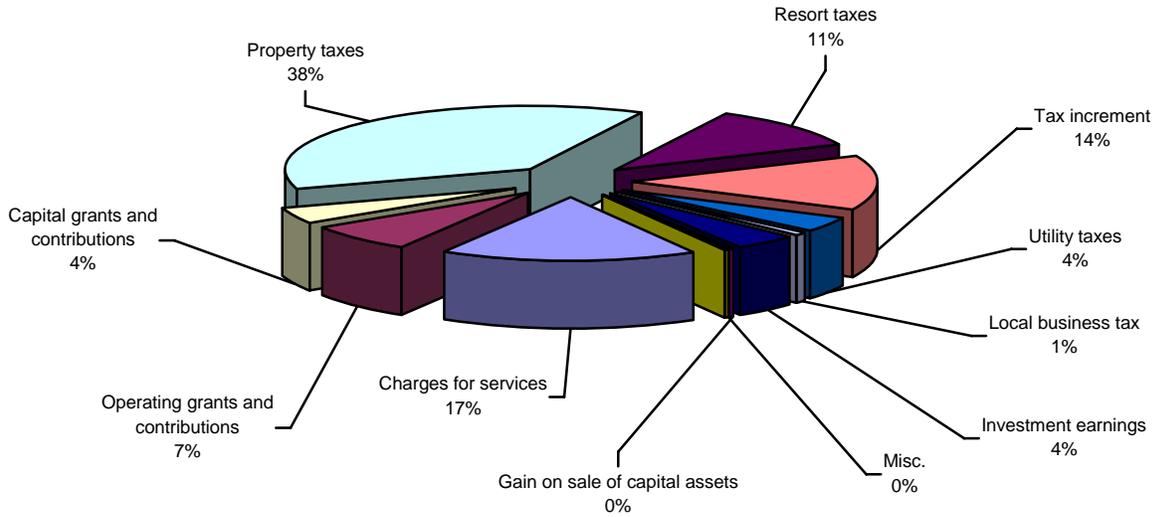
Governmental activities. Governmental activities increased the City's net assets by \$88.1 million, thereby accounting for 84.3% of the total growth in the net assets of the City.

Key elements of the net increase are as follows:

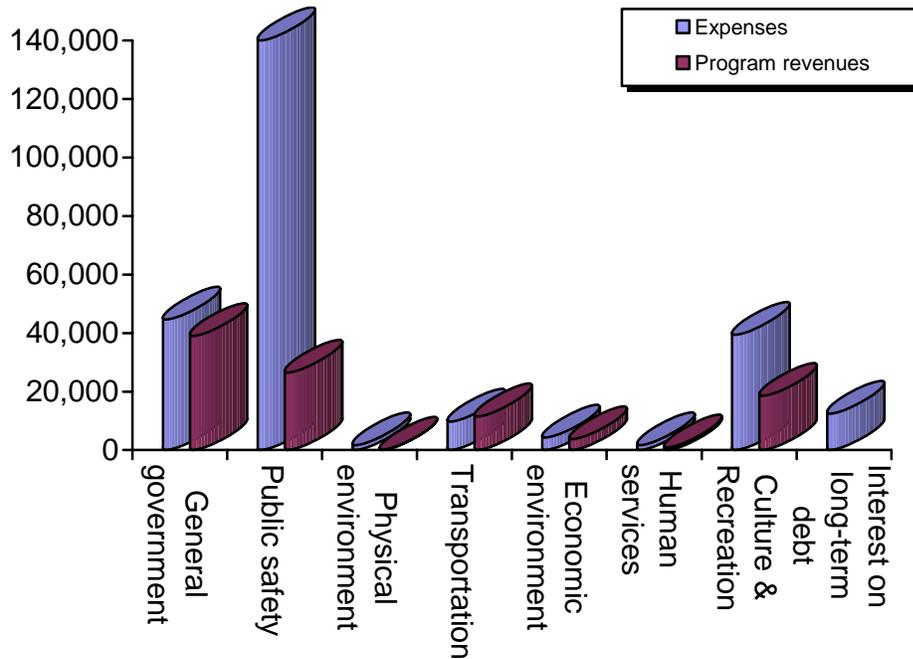
- Property taxes collected for general purposes decreased by \$13.8 million or 9.9% over the prior year. Taxable property values in the City increased from \$22.7 billion to \$26.1 billion, which includes \$291.1 million in new construction. However, the City's operating millage rate decreased from 7.374 mills to 5.656 mills and the debt service millage rate decreased from .299 mills to .242 mills.
- Resort taxes increased by \$1.5 million or 4.1%.
- Utility taxes increased by \$.69 million or 5.3%
- Tax increments increased by \$14.4 million or 41.8%.
- Investment earnings decreased by \$7.9 million or 35.1%.
- Operating grants and contributions had a net decrease of \$14.9 million or 36.8%.
- Charges for service related to programs had a net increase of \$3.6 million or 6.3%.
- Total expenses for the governmental activities had a net decrease of \$5.3 million or 2%. Major components of the net decrease are as follows:
 - \$3.5 million or 7.4% decrease in general government activities.
 - \$16.9 million or 12.7% increase in public safety activities.
 - \$17.7 million or 80.5% decrease in economic environment activities.

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

**Revenue by Source – Governmental Activities
for the year ended September 30, 2008 (in thousands)**



**Expenses and Program Revenues – Governmental Activities
for the year ended September 30, 2008 (in thousands)**



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

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

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

	<u>2007</u>	<u>2008</u>
Revenues:		
Program revenues:		
Charges for services	\$ 98,015	\$ 103,853
Operating grants and contributions	15,540	14,833
Capital grants and contributions		
General revenues:		
Tax increments	2,978	2,358
Unrestricted investment earnings	9,930	5,872
Total revenues	<u>126,463</u>	<u>126,916</u>
Expenses:		
Storm water	5,421	4,981
Water	21,125	20,931
Sewer	25,819	26,620
Parking	22,827	24,612
Convention Center	18,365	17,789
Sanitation	12,329	13,667
Redevelopment Agency's Parking	1,849	2,071
Redevelopment Agency's Leasing	146	122
Total expenses	<u>107,881</u>	<u>110,793</u>
Increase in net assets before transfers and gain (loss) on sale of capital assets	18,582	16,123
Gain (loss) on sale of capital assets	(13)	
Transfers	3,310	252
Increase in net assets	<u>21,879</u>	<u>16,375</u>
Net assets - beginning	390,780	412,659
Net assets - ending	<u>\$ 412,659</u>	<u>\$ 429,034</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Business-type activities. Business-type activities increased the City's net assets by \$16.4 million, thereby accounting for 15.7% of the total growth in the net assets of the City.

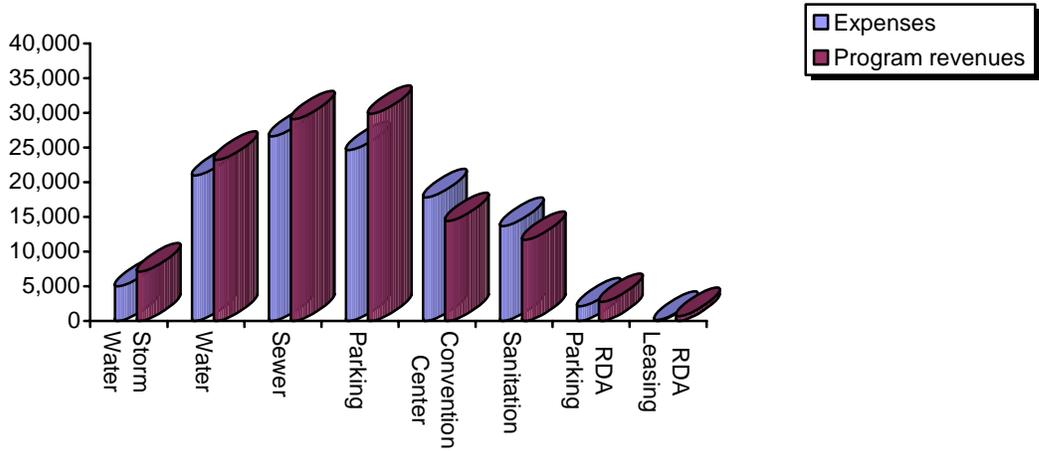
Key elements of the net increase are as follows:

- The Stormwater fund had a change in net assets of \$2.9 million. Operating revenues decreased by \$284 thousand or 3.8% and operating expenses increased by \$711 thousand or 22.8% from the prior year. Non-operating revenues/expenses decreased by \$305 thousand or 51.8% from the prior year.
- The Water and Sewer fund had a change in net assets of \$7.2 million. Operating revenues increased by \$4.7 million or 10% and operating expenses increased by \$1.8 million or 4.2% from the prior year. Non-operating revenues/expenses decreased by \$345 thousand or 28% from the prior year.
- The Parking Systems fund had a change in net assets of \$6.1 million. Operating revenues increased by \$591 thousand or 2% and operating expenses increased by \$1.7 million or 8% from the prior year. Non-operating revenues/expenses decreased by \$717 thousand or 55.7% from the prior year.
- The Convention Center Fund had a change in net loss of \$3.1 million. Operating revenues decreased by \$519 thousand or 3.4% and operating expenses decreased by \$570 thousand or 3.1% from the prior year. Non-operating revenues/expenses decreased by \$301 thousand or 92.5% from the prior year. Historically the Convention Center fund has had net operating losses of approximately \$3 million annually, with \$3.8 million in 2004, \$3.1 million in 2005, \$3.1 million in 2006 and \$2.8 million in 2007.
- Other Enterprise Funds, which includes the Sanitation, Miami Beach Redevelopment Agency's Parking and Miami Beach Redevelopment Agency's leasing Funds, had a change in net assets of \$3.3 million. Operating revenues increased by \$112 thousand or .6% and operating expenses increased by \$1.5 million or 10.5% from the prior year. Non-operating revenues/expenses decreased by \$94 thousand or 13% from the prior year.

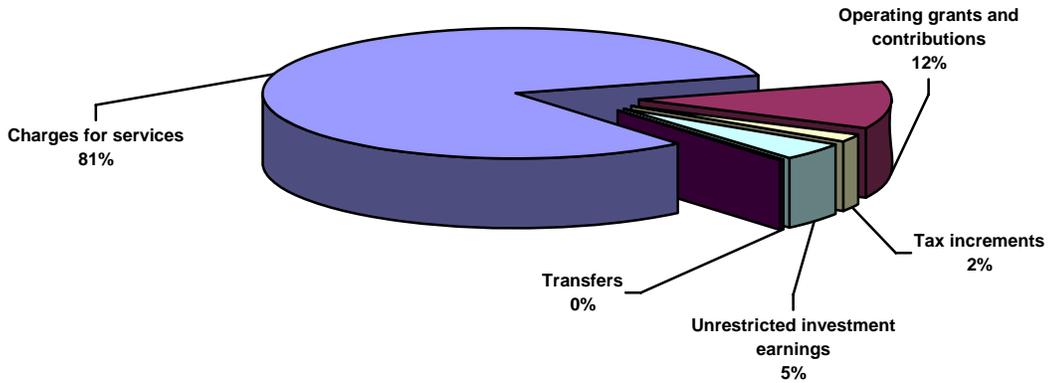
**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

The following chart shows a comparison of expenses to program revenues for business-type activities for fiscal year 2008:

**Expenses and Program Revenues – Business-type Activities
for the year ended September 30, 2008 (in thousands)**



**Revenue by Source – Business-type Activities
for the year ended September 30, 2008 (in thousands)**



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

Financial Analysis of the Governmental Funds

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

**Governmental Funds
(in thousands)**

	<u>General</u>	<u>Resort Tax</u>	<u>Miami Beach Redevel- opment Agency</u>	<u>Capital Projects</u>	<u>Other Govern- mental Funds</u>	<u>Total Govern- mental Funds</u>
Fund balances						
Sep. 30, 2007	\$ 44,143	\$ 6,007	\$ 30,245	\$ 191,139	\$ 52,531	\$ 324,065
Revenues	214,145	39,204	33,894	34,029	27,648	348,920
Expenditures	(212,619)	(8,070)	(7,539)	(63,692)	(45,821)	(337,741)
Other financing sources (uses)	822	(27,029)	(45,592)	50,759	20,273	(767)
Fund balances						
Sep. 30, 2008	<u>\$ 46,491</u>	<u>\$ 10,112</u>	<u>\$ 11,008</u>	<u>\$ 212,235</u>	<u>\$ 54,631</u>	<u>\$ 334,477</u>

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

The City's general fund is required to adopt an annual budget prepared on a basis consistent with Accounting Principles Generally Accepted in the United States of America (GAAP). Surpluses from any prior fiscal years cannot be appropriated in future fiscal years. The general fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the general fund was \$46.5 million. This consisted of \$1.8 million reserved for encumbrances, \$38.1 million designated for contingencies, \$2.1 million designated for unrealized gains on investment and \$4.5 million designated for the future funding of the City's building department operations. The general fund's net change in fund balance for the fiscal year was \$2.3 million. One key factor in this growth was the ability to maintain expenditures under budgeted amounts. Overall revenues decreased by \$16.7 million or 7.2%, with ad-valorem tax revenues decreasing by \$14.9 million or 10.7%. Expenditures in the general fund also increased by \$4.7 million or 2.3%. As a measure of a fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to fund balance expenditures. At the end of the fiscal year, unreserved fund balance of the general fund was \$44.6 million or 96% of total fund balance. Unreserved fund balance represents 21% of total general fund expenditures, while total fund balance represents 21.9% of the same amount.

The resort tax fund accounts for the collection of special tax levied city-wide on food, beverage and room rents used to support tourist related activities. At the end of the current fiscal year, fund balance of the resort tax fund was \$10.1 million. The resort tax fund balance increased by \$4.1 million or 68.3% from the prior fiscal year. Resort taxes collected during the year increased \$1.5 million or 4.1% while net other financing uses decreased by \$5 million or 15.6% and expenditure decreased by \$157 thousand or 1.9%. Unreserved fund balance represents 125.2% of total resort tax fund expenditures, while total fund balance represents 125.3% of the same amount.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The Miami Beach Redevelopment Agency (the Agency) Special Revenue Fund accounts for the operations of the Miami Beach Redevelopment Agency, a tax increment district of the City. The Agency was established in 1976 under the provisions of Chapter 163 of the Florida Statutes to spur development and redevelopment in the South Shore and City Center/Historic Convention Village Redevelopment and Revitalization Area of the City. The fund balance of the Miami Beach Redevelopment Agency Special Revenue Fund decreased \$19.2 million or 63.6%. Tax increments collected during the year increased \$2.0 million or 5.9% while net other financing uses increased by \$18.1 million or 65.9% and expenditure decreased by \$13.5 million or 64.1%. Unreserved fund balance represents 144.9% of total Agency fund expenditures, while total fund balance represents 146% of the same amount.

The City's capital projects fund accounts for the funding of the City's capital program. The primary resources are obtained from the issuance of City debt and intergovernmental revenues. The capital projects fund balance increased by \$21.1 million or 11% from the prior fiscal year. Intergovernmental revenues decreased by \$13.6 million and net other financing sources increased by \$5.3 million or 11.9%. Capital outlay totaled \$63.7 million in the current year. Unreserved fund balance represents 267.9% of total capital project fund expenditures, while total fund balance represents 333.2% of the same amount.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The total growth in net assets for all enterprise funds was \$16.4 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

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

There was no variance between the amended budgeted revenues and actual revenues plus other financing sources. The net variance between the amended budgeted appropriations and actual expenditures plus other financing uses was approximately \$1.8 million. This resulted mainly from a positive variance of \$1.6 million in capital outlay.

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

**General Fund Revenues
for the fiscal year ended September 30, 2008
(in thousands)**

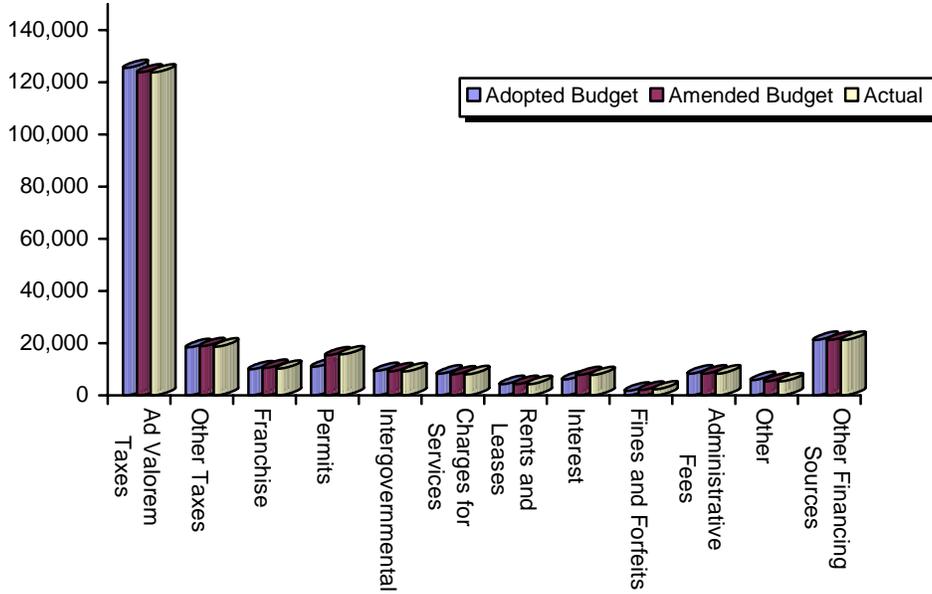
	Original Adopted Budget	Final Amended Budget	Actual
Taxes:			
Property	\$ 125,482	\$ 123,786	\$ 123,786
Sales, use, fuel	1,788	1,564	1,568
Utility	12,803	13,482	13,786
Local business	3,875	3,875	3,342
Taxes	<u>143,948</u>	<u>142,707</u>	<u>142,482</u>
Other than taxes:			
Franchise	10,030	10,564	10,260
Permits	10,979	15,365	15,754
Intergovernmental	9,411	9,251	9,198
Charges for services	8,347	8,075	8,100
Rents and leases	4,312	4,365	4,380
Interest income	6,200	7,838	7,838
Fines and forfeits	1,817	2,184	2,331
Administrative fees	8,395	8,396	8,407
Other	5,929	5,399	5,395
Other financing sources	<u>21,256</u>	<u>21,256</u>	<u>21,255</u>
Other than taxes	<u>86,676</u>	<u>92,693</u>	<u>92,918</u>
Total revenues	<u>\$ 230,624</u>	<u>\$ 235,400</u>	<u>\$ 235,400</u>

**General Fund Expenditures
for the fiscal year ended September 30, 2008
(in thousands)**

	Original Adopted Budget	Final Amended Budget	Actual
General government	\$ 37,602	\$ 35,390	\$ 35,061
Public safety	130,737	137,732	137,559
Physical environment	1,361	1,357	1,650
Transportation	4,013	4,221	4,414
Economic environment	1,708	1,697	1,660
Human services	1,309	1,080	1,087
Culture and recreation	30,216	28,777	28,601
Capital Outlay	1,697	2,378	766
Debt service	2,020	2,020	1,821
Other financing uses	<u>19,962</u>	<u>20,248</u>	<u>20,433</u>
Total expenditure	<u>\$ 230,625</u>	<u>\$ 234,900</u>	<u>\$ 233,052</u>

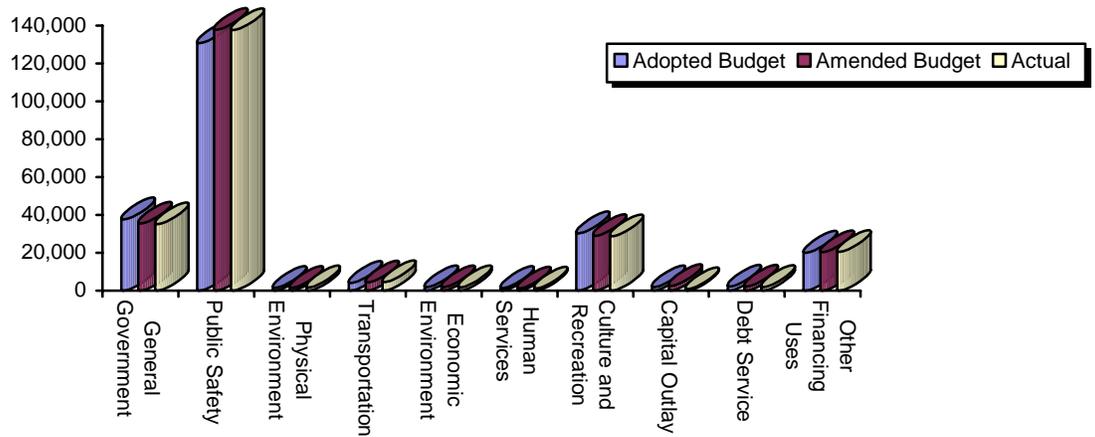
**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

**General Fund Revenues
for the year ended September 30, 2008 (in thousands).**



The following chart and table summarizes actual expenditures by function/program for fiscal year 2008 and compares expenditures with Adopted Budget, Amended Budget and Actual

**General Fund Expenditure
for the year ended September 30, 2008 (in thousands).**



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

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities at September 30, 2008 amounts to \$894 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, water & sewer distribution, storm drainage systems, lighting systems, sidewalks, curbs, signage, equipment, street improvements, and parks, which are detailed as follows (net of accumulated depreciation):

	Capital Assets (in thousands)					
	Governmental		Business-Type		Total	
	2007	2008	2007	2008	2007	2008
Land	\$ 45,453	\$ 45,832	\$ 24,274	\$ 24,274	\$ 69,727	\$ 70,106
Construction						
work-in-progress	225,050	240,783	207,271	173,031	432,321	413,814
Building & Structure	42,435	49,920	123,227	120,788	165,662	170,708
Permanent						
improvements	12,758	57,526	1,961	6,157	14,719	63,683
Furniture, Fixtures &						
Equipment	24,395	25,107	14,902	49,187	39,297	74,294
Infrastructure	30,872	28,483	19,284	72,921	50,156	101,404
Total	\$ 380,963	\$ 447,651	\$ 390,919	\$ 446,358	\$ 771,882	\$ 894,009

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

- Continued construction of South Pointe Park the 17-acre regional park per the City of Miami Beach Parks Master Plan, 1996. Proposed elements include: redesigned park entrance, new restroom building, pedestrian paving, site lighting, playgrounds, signage, landscaping and irrigation. Improvements to the park will provide a memorable and safer park experience. Parks' edges will respond to beach, bay and neighborhood frontages. Improved lighting will provide for a safer environment. Aged and non functioning facilities will be replaced by a new pavilion and maintenance facility buildings. The community at large will benefit from the proposed improvements. This project is scheduled to be completed by the end of March 2009.
- Continued construction of the new Multipurpose Municipal Parking Facility at City Hall. The completion of the project will result in a neighborhood improvement, over 650 new parking spaces, a public plaza, and office space to accommodate governmental offices that are currently located in temporary spaces outside City Hall campus, thus improving customer relations with the public. The project is scheduled to be completed by the end of calendar year 2009.
- Starting construction of the La Gorce Neighborhoods ROW which the scope consists of area-wide street improvements including street resurfacing, swale restoration, repair of sidewalks, targeted street lighting upgrades to correct deficiencies, enhanced landscaping within the street ROW, water main replacement and targeted stormwater improvements. The water main work consists

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

of approximately 10,980 linear feet of new water main replacements. Drainage improvements are restricted to Priority Basis 103 and 117 per the Stormwater Master Plan.

- Continued construction of the North Beach Recreational Corridor Project, which is an on-grade pathway lying east of private properties and west of the dune system. The project, which will link Allison Park (64th Street) to 79th Street, includes environmental enhancements such as removal of invasive vegetation from the dune and the planting of native species, and specially designed marine turtle-friendly lighting. The project is scheduled to be completed April 2009.
- Completed the rehabilitation of the Washington Avenue Bridge which on January 14, 2008, the City of Miami Beach (City) was issued a Notice of Bridge Closure letter by the Florida Department of Transportation (FDOT) District Six Office recommending the immediate closure of the Washington Avenue Bridge to all traffic, due to the intensifying deteriorating structural conditions of the bridge. FDOT is the agency responsible for inspecting and ensuring the safety of all bridges statewide, for both county and local governments. The Washington Avenue Bridge had been under a yearly inspection program since 2002. However, the bridge was not declared structurally deficient until late 2007. Based on the November 26, 2007 FDOT Inspection Report and a subsequent Deficiency Alert letter issued by FDOT to the City on December 14, 2007, the City developed an immediate course of action by re-prioritizing the repairs of the Washington Avenue Bridge within its Citywide Bridge Rehabilitation/Maintenance Program.
- Starting construction of the Scott Rakow Youth Center which is a facility that serves a very important service for the children and parents of the Middle Beach Community. The Youth Center provides after school activities and programs that are vital to the community, who have continuously expressed concerns over the current conditions of the Youth center. The planned improvements include the expansion of the existing parking lot by 44 parking spaces and provide a bus drop off which separates vehicular and pedestrian traffic, provide ADA accessible walkways from the HC parking to the main entrance and to the new outdoor playground area, convert the old ice rink into a Multi-Purpose Room, renovate the existing entry plaza, provide a new entry addition with a security counter and lobby, a new handicap accessible elevator located at the entry addition, first floor renovations, second floor renovations, new lighting, flooring and ceiling treatments. On August 22, 2007, the scope increased (\$750,000) per community request, adding: landscape buffer and sidewalk along 28th Street; windows to the multi-purpose room; bus drop-off; and relocation of the playground area.

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

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

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt, loans and other long-term debt of \$434 million. Governmental activities debt decreased by \$11.4 million or 4.3% while, business-type activities debt decreased by of \$5.5 million or 2.9%. In February of 2008 the City refinanced an existing equipment loan, and also received additional loan proceeds.

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

	Governmental activities		Business-type activities		Total	
	2007	2008	2007	2008	2007	2008
General obligation	\$ 78,620	\$ 76,085	\$	\$	\$ 78,620	\$ 76,085
Special obligation	172,970	163,792			172,970	163,792
Revenue bonds			185,830	179,688	185,830	179,688
Loans	10,617	11,559	345	1,035	10,962	12,594
Other debt	2,619	1,951			2,619	1,951
Total	\$ 264,826	\$ 253,387	\$ 186,175	\$ 180,723	\$ 451,001	\$ 434,110

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

Requests for Information

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

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 365,536,617	\$ 66,536,054	\$ 432,072,671	\$ 2,603,135
Cash with fiscal agent	100,000		100,000	
Receivables (net)	18,232,676	12,044,556	30,277,232	296,984
Due from other governments	5,229,682	1,882	5,231,564	
Internal balances	(1,573,423)	1,573,423		
Prepaid expenses	1,222,078	112,351	1,334,429	
Inventories	314,779	2,023,324	2,338,103	
Restricted cash and investments		107,281,482	107,281,482	
Deferred charges	3,109,738	3,174,806	6,284,544	
Capital assets not being depreciated:				
Land	45,832,216	24,274,408	70,106,624	
Construction in progress	240,782,838	173,031,287	413,814,125	
Capital assets net of accumulated depreciation:				
Buildings and structures	49,919,923	120,787,666	170,707,589	
Permanent improvements	57,526,190	6,157,153	63,683,343	
Machinery and equipment	25,106,829	49,187,118	74,293,947	37,544
Infrastructure	28,482,801	72,920,505	101,403,306	
Total assets	<u>839,822,944</u>	<u>639,106,015</u>	<u>1,478,928,959</u>	<u>2,937,663</u>
LIABILITIES				
Accounts payable	17,906,952	14,043,318	31,950,270	1,500
Retainage payable	3,107,572	2,327,633	5,435,205	
Accrued expenses	4,542,600	2,698,487	7,241,087	380,853
Accrued interest payable	2,703,945		2,703,945	
Unearned revenue	2,686,576	598,737	3,285,313	
Due to other governments	700	150,238	150,938	
Noncurrent liabilities:				
Due within one year	26,254,305	10,409,383	36,663,688	
Due in more than one year	268,629,834	179,844,566	448,474,400	
Total liabilities	<u>325,832,484</u>	<u>210,072,362</u>	<u>535,904,846</u>	<u>382,353</u>
NET ASSETS				
Invested in capital assets, net of related debt	286,954,685	239,922,397	526,877,082	37,544
Restricted for:				
Debt Service	23,591,725	11,387,073	34,978,798	
Economic development	18,074,565	10,500,589	28,575,154	
Transportation	26,798,072		26,798,072	
Capital improvement	58,863,225		58,863,225	
Other purposes	15,039,844		15,039,844	
Unrestricted	84,668,344	167,223,594	251,891,938	2,517,766
Total net assets	<u>\$ 513,990,460</u>	<u>\$ 429,033,653</u>	<u>\$ 943,024,113</u>	<u>\$ 2,555,310</u>

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

CITY OF MIAMI BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2008

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 42,877,337	\$ 8,395,605	\$ 13,925,785	\$ 218,667,019	\$ 57,756,195	\$ 341,621,941
Receivables (net of allowance for uncollectibles)	11,351,060	2,797,639	1,570	40,418	1,241,948	15,432,635
Accrued interest	2,129,778		223	490,207	11,896	2,632,104
Due from other funds	3,038,782		646,001	780	95,702	3,781,265
Due from other governments	62,902			4,633,472	533,308	5,229,682
Prepaid expenditures			4,490			4,490
Total assets	<u>\$ 59,459,859</u>	<u>\$ 11,193,244</u>	<u>\$ 14,578,069</u>	<u>\$ 223,831,896</u>	<u>\$ 59,639,049</u>	<u>\$ 368,702,117</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 4,689,144	\$ 149,591	\$ 6,329	\$ 7,457,522	\$ 3,156,069	\$ 15,458,655
Retainage payable	20,084			2,844,282	243,206	3,107,572
Accrued expenditures	3,105,982	492,567	41,757	369,907	201,909	4,212,122
Unearned/deferred revenues	4,850,466			244,462	946,874	6,041,802
Due to other governments	700					700
Due to other funds	302,368	439,336	3,521,585	680,432	460,748	5,404,469
Total liabilities	<u>12,968,744</u>	<u>1,081,494</u>	<u>3,569,671</u>	<u>11,596,605</u>	<u>5,008,806</u>	<u>34,225,320</u>
Fund balances:						
Reserved for:						
Encumbrances	1,845,391	9,730	79,074	41,595,740	6,442,980	49,972,915
Debt service					7,790,835	7,790,835
Building department operations	4,500,000					4,500,000
Prepaid			4,490			4,490
Unreserved:						
Designated for emergencies	38,077,194					38,077,194
Designated for unrealized gains on investments	2,068,530					2,068,530
Undesignated:						
Special Revenue		10,102,020	10,924,834		40,396,428	61,423,282
Capital Projects				170,639,551		170,639,551
Total fund balances	<u>46,491,115</u>	<u>10,111,750</u>	<u>11,008,398</u>	<u>212,235,291</u>	<u>54,630,243</u>	<u>334,476,797</u>
Total liabilities and fund balances	<u>\$ 59,459,859</u>	<u>\$ 11,193,244</u>	<u>\$ 14,578,069</u>	<u>\$ 223,831,896</u>	<u>\$ 59,639,049</u>	<u>\$ 368,702,117</u>

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

CITY OF MIAMI BEACH, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
September 30, 2008

Total fund balances - governmental funds \$ 334,476,797

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

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

Land	\$	45,223,696	
Construction in progress		240,306,288	
Building and structure		89,820,640	
Permanent improvements		125,957,140	
Machinery and equipment		10,024,853	
Infrastructure		116,795,794	
Accumulated depreciation		<u>(204,807,417)</u>	
Total capital assets			423,320,994

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

Bonds, loans and notes payable	\$	(243,325,434)	
Compensated absences		(15,930,669)	
Accrued interest payable		<u>(2,703,945)</u>	
Total long term liabilities			(261,960,048)

Bond issuance costs are treated as expenditures in the governmental funds, but are deferred to future periods in the Statement of Net Assets and amortized over the life of the bonds. 2,999,013

Some Deferred Revenues have met the earned criteria for recognition in the Statement of Activities. 3,355,226

Internal service funds are used by management to charge the costs of fleet management, property management, central services, self insurance, and communications to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 11,798,478

Net assets of governmental activities \$ 513,990,460

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

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2008

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Property	\$ 123,786,473	\$	\$	\$	\$ 6,104,894	\$ 129,891,367
Sales, use and fuel	1,568,196				2,977,003	4,545,199
Utility	13,785,849					13,785,849
Resort		38,100,260				38,100,260
Local business	3,341,802					3,341,802
Tax increment			32,496,438	16,468,254		48,964,692
Other					2,262,962	2,262,962
Franchise fees	10,259,817					10,259,817
Permits	15,753,552					15,753,552
Intergovernmental	9,197,874			13,286,518	5,165,054	27,649,446
Charges for services	8,099,864				2,827,925	10,927,789
Rents and leases	4,380,278					4,380,278
Interest	7,837,849	203,860	1,371,749	3,392,623	1,129,634	13,935,715
Fines and forfeitures	2,331,459				904,758	3,236,217
Administrative fees	8,407,423					8,407,423
Impact fees					5,746,024	5,746,024
Other	5,394,695	899,572	25,811	881,896	530,099	7,732,073
Total revenues	214,145,131	39,203,692	33,893,998	34,029,291	27,648,353	348,920,465
EXPENDITURES						
Current:						
General government	35,060,784	953,913	4,812,194		772,325	41,599,216
Public safety	137,558,939		2,721,218		5,700,071	145,980,228
Physical environment	1,650,073					1,650,073
Transportation	4,413,891				2,538,176	6,952,067
Economic environment	1,660,207				3,231,135	4,891,342
Human services	1,086,897				607,669	1,694,566
Culture and recreation	28,600,773	7,022,115			1,657,090	37,279,978
Capital Outlay	766,082	93,884	5,324	63,691,631	8,439,798	72,996,719
Debt service:						
Principal retirement	1,098,492				11,283,056	12,381,548
Interest and fiscal charges	722,444				11,591,948	12,314,392
Total expenditures	212,618,582	8,069,912	7,538,736	63,691,631	45,821,268	337,740,129
Excess (deficiency) of revenues over (under) expenditures	1,526,549	31,133,780	26,355,262	(29,662,340)	(18,172,915)	11,180,336
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	8,381		3,746			12,127
Transfers in	21,246,308		3,480,509	50,974,353	22,077,684	97,778,854
Transfers out	(20,433,037)	(27,029,063)	(49,076,467)	(215,831)	(1,804,828)	(98,559,226)
Total other financing sources (uses)	821,652	(27,029,063)	(45,592,212)	50,758,522	20,272,856	(768,245)
Net change in fund balances	2,348,201	4,104,717	(19,236,950)	21,096,182	2,099,941	10,412,091
Fund balances - beginning of year	44,142,914	6,007,033	30,245,348	191,139,109	52,530,302	324,064,706
Fund balances - end of year	\$ 46,491,115	\$ 10,111,750	\$ 11,008,398	\$ 212,235,291	\$ 54,630,243	\$ 334,476,797

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

**CITY OF MIAMI BEACH, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2008**

Net change in fund balance - total governmental funds **\$ 10,412,091**

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

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

In the current period, these amounts are:

Capital outlay	\$	72,996,719	
Capital contributions and adjustments		(926,538)	
Depreciation expense		<u>(6,312,310)</u>	
Excess of capital outlay over depreciation expense			65,757,871

In the statement of activities, the loss on the disposal of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net assets differs from the change in fund balance by:

Cost of the assets disposed	\$	61,359	
Related accumulated depreciation		<u>(61,359)</u>	
Loss on sale of disposal of capital assets			

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

In the current year, these amounts consist of:

Bonds, loans and notes principal retirement	\$	12,381,548	
Amortization of bond issuance costs		(188,963)	
Amortization of net bond premium		<u>(531,270)</u>	
Total long term-debt retirement and related transactions			11,661,315

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

These activities consist of:

Increase in compensated absences	\$	(1,182,286)	
Decrease in accrued interest expense		<u>116,535</u>	
Total additional expense			(1,065,751)

Deferred revenue that meet the revenue recognition criteria in the Statement of Activities, but not the fund statements. 1,693,918

Internal funds are used by management to charge the costs of fleet management, property management, central services, self insurance, and communications to individual funds. (325,870)

Change in net assets of governmental activities **\$ 88,133,574**

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

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2008

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
ASSETS							
Current assets:							
Cash and investments	\$ 5,418,788	\$ 8,105,558	\$ 29,467,252	\$ 5,125,408	\$ 18,419,048	\$ 66,536,054	\$ 23,914,676
Cash with fiscal agent							100,000
Restricted cash and investments:							
Revenue bonds covenant	1,135,000	3,740,000	1,648,712			6,523,712	
Accounts receivable (net of allowance for uncollectibles)	511,142	4,505,497	3,772,689	2,013,519	1,231,592	12,034,439	167,937
Accrued interest receivable	2,585	7,532				10,117	
Due from other governments					1,882	1,882	
Due from other funds					1,573,929	1,573,929	49,781
Prepaid expenses				38,015	74,336	112,351	1,217,588
Inventories		2,015,324	8,000			2,023,324	314,779
Total current assets	<u>7,067,515</u>	<u>18,373,911</u>	<u>34,896,653</u>	<u>7,176,942</u>	<u>21,300,787</u>	<u>88,815,808</u>	<u>25,764,761</u>
Noncurrent assets:							
Restricted cash and investments:							
Customer deposits		6,839,490	29,336	2,130,420	66,099	9,065,345	
Interlocal agreement				10,500,589		10,500,589	
Revenue bonds covenant	26,714,610	46,213,727	8,263,499			81,191,836	
Deferred charges	555,641	2,073,774	542,923		2,468	3,174,806	110,725
Capital assets:							
Land		1,492,598	17,283,478	2,089,371	3,408,961	24,274,408	608,520
Buildings and structures	1,691,438	7,690,613	25,662,360	163,140,153	13,397,987	211,582,551	2,020,545
Parking lots			4,069,504			4,069,504	
Mains and lines		95,601,365				95,601,365	
Meters and hydrants		12,073,823	2,680,094			14,753,917	
Machinery and equipment	2,216,635	46,380,719	2,396,431	11,563,269	3,106,618	65,663,672	73,969,580
Construction in progress	56,691,550	50,966,320	50,569,443	13,650,674	1,153,300	173,031,287	476,550
Less accumulated depreciation	(1,437,886)	(45,478,595)	(21,070,525)	(68,481,799)	(6,149,762)	(142,618,567)	(52,745,392)
Total capital assets (net of accumulated depreciation)	<u>59,161,737</u>	<u>168,726,843</u>	<u>81,590,785</u>	<u>121,961,668</u>	<u>14,917,104</u>	<u>446,358,137</u>	<u>24,329,803</u>
Total noncurrent assets	<u>86,431,988</u>	<u>223,853,834</u>	<u>90,426,543</u>	<u>134,592,677</u>	<u>14,985,671</u>	<u>550,290,713</u>	<u>24,440,528</u>
Total assets	<u>93,499,503</u>	<u>242,227,745</u>	<u>125,323,196</u>	<u>141,769,619</u>	<u>36,286,458</u>	<u>639,106,521</u>	<u>50,205,289</u>
LIABILITIES							
Current liabilities:							
Accounts payable	5,534,989	3,799,906	2,346,308	1,769,403	592,712	14,043,318	2,448,297
Retainage payable	1,449,277	439,868	249,890	188,598		2,327,633	
Accrued expenses	241,738	1,141,012	361,135	816,655	137,947	2,698,487	330,478
Due to other funds					506	506	
Due to other governments			109,153	39,463	1,622	150,238	
Bonds payable	1,135,000	3,740,000	1,648,712			6,523,712	
Loans payable	22,069	34,637	41,518		78,323	176,547	2,626,706
Deposits		3,020,446				3,020,446	
Accrued compensated absences	73,206	256,174	284,511	9,192	168,402	791,485	370,497
Unearned revenue			488,475	100,363	9,899	598,737	
Pending insurance claims							5,858,000
Total current liabilities	<u>8,456,279</u>	<u>12,432,043</u>	<u>5,529,702</u>	<u>2,923,674</u>	<u>989,411</u>	<u>30,331,109</u>	<u>11,633,978</u>
Noncurrent liabilities:							
Pending insurance claims							4,015,254
Insurance claims incurred but not reported							13,024,879
Deposits		3,819,044	29,336	2,130,420	66,099	6,044,899	
Accrued compensated absences	90,473	162,452	231,672	42,534	364,356	891,487	799,989
Loans payable	250,545	112,828	220,318		275,136	858,827	8,932,711
Revenue bonds payable (net of unamortized discounts)	43,940,325	103,414,386	24,591,835			171,946,546	
Total noncurrent liabilities	<u>44,281,343</u>	<u>107,508,710</u>	<u>25,073,161</u>	<u>2,172,954</u>	<u>705,591</u>	<u>179,741,759</u>	<u>26,772,833</u>
Total liabilities	<u>52,737,622</u>	<u>119,940,753</u>	<u>30,602,863</u>	<u>5,096,628</u>	<u>1,695,002</u>	<u>210,072,868</u>	<u>38,406,811</u>
NET ASSETS							
Invested in capital assets, net of related debt	8,840,235	39,468,447	55,088,402	121,961,668	14,563,645	239,922,397	12,770,386
Restricted:							
Interlocal agreement				10,500,589		10,500,589	
Debt covenant	3,572,213	4,845,362	2,969,498			11,387,073	
Unrestricted (deficit)	28,349,433	77,973,183	36,662,433	4,210,734	20,027,811	167,223,594	(971,908)
Total net assets	<u>\$ 40,761,881</u>	<u>\$ 122,286,992</u>	<u>\$ 94,720,333</u>	<u>\$ 136,672,991</u>	<u>\$ 34,591,456</u>	<u>\$ 429,033,653</u>	<u>\$ 11,798,478</u>

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

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2008

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Operating revenues:							
Charges for services	\$ 7,109,411	\$ 52,033,641	\$ 25,626,973	\$ 9,044,165	\$ 8,775,375	\$ 102,589,565	\$ 45,943,253
Permits, rentals, and other	2,426	246,789	4,200,458	5,517,305	8,625,367	18,592,345	1,384,376
Total operating revenues	7,111,837	52,280,430	29,827,431	14,561,470	17,400,742	121,181,910	47,327,629
Operating expenses:							
Personal services	1,612,410	6,086,893	8,351,507	6,142,929	6,540,553	28,734,292	11,487,175
Operating supplies	67,857	712,796	377,105	373,164	47,498	1,578,420	5,415,220
Contractual services	749,852	26,460,376	7,385,458	2,567,941	5,507,917	42,671,544	6,015,510
Utilities	24,086	643,672	717,475	2,247,324	131,798	3,764,355	2,439,807
Insurance				148,891		148,891	8,752,322
Internal charges	549,389	3,222,996	2,443,532	1,028,992	1,485,996	8,730,905	2,205,269
Depreciation	320,536	2,740,152	1,167,141	3,973,250	775,974	8,977,053	7,217,258
Administrative fees	264,500	3,062,800	2,433,400	666,540	264,500	6,691,740	963,981
Amortization	56,059	155,228	170,859		220	382,366	8,047
Claims and judgements							5,730,731
Other operating	185,937	491,837	336,958	542,418	947,757	2,504,907	401,700
Total operating expenses	3,830,626	43,576,750	23,383,435	17,691,449	15,702,213	104,184,473	50,637,020
Operating income (loss)	3,281,211	8,703,680	6,443,996	(3,129,979)	1,698,529	16,997,437	(3,309,391)
Nonoperating revenues							
(expenses):							
Interest and fiscal charges	(1,097,021)	(3,666,858)	(1,026,024)		(6,946)	(5,796,849)	(279,059)
Gain (loss) on disposal of capital assets		4,253	7,170	(181,634)	31,785	(138,426)	220,559
Interest income	1,381,234	2,085,608	1,589,254	206,027	609,400	5,871,523	779,378
Total nonoperating revenues (expenses)	284,213	(1,576,997)	570,400	24,393	634,239	(63,752)	720,878
Income (loss) before contributions and transfers	3,565,424	7,126,683	7,014,396	(3,105,586)	2,332,768	16,933,685	(2,588,513)
Capital contributions	(5,331)	5,331			(10,449)	(10,449)	933,853
Transfers in		108,373			935,125	1,043,498	1,400,000
Transfers out	(589,158)	(66,484)	(930,538)		(5,736)	(1,591,916)	(71,210)
Change in net assets	2,970,935	7,173,903	6,083,858	(3,105,586)	3,251,708	16,374,818	(325,870)
Total net assets - beginning	37,790,946	115,113,089	88,636,475	139,778,577	31,339,748	412,658,835	12,124,348
Total net assets - ending	\$ 40,761,881	\$ 122,286,992	\$ 94,720,333	\$ 136,672,991	\$ 34,591,456	\$ 429,033,653	\$ 11,798,478

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

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2008

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Cash flows from operating activities:							
Cash received from customers	\$ 7,752,535	\$ 55,268,570	\$ 25,321,942	\$ 8,709,958	\$ 10,588,912	\$ 107,641,917	\$ 46,357,495
Cash paid to suppliers	(732,583)	(29,191,117)	(8,526,456)	(5,603,552)	(7,311,962)	(51,365,670)	(22,910,925)
Cash paid to employees	(1,578,059)	(6,050,198)	(8,407,282)	(6,024,814)	(6,462,037)	(28,522,390)	(11,420,074)
Cash paid for claims and judgements							(4,477,550)
Internal charges-payments made to other funds	(813,889)	(6,285,796)	(4,876,932)	(1,695,532)	(1,338,019)	(15,010,168)	(3,169,250)
Other operating revenues	2,582	248,823	4,200,458	5,517,305	7,519,514	17,486,682	1,433,040
Net cash provided by operating activities	<u>4,630,586</u>	<u>13,990,282</u>	<u>7,711,730</u>	<u>903,365</u>	<u>2,996,408</u>	<u>30,232,371</u>	<u>5,812,736</u>
Cash flows for non-capital financing activities:							
Transfers in		108,373			935,125	1,043,498	1,400,000
Transfers out	(589,158)	(66,484)	(930,538)		(5,736)	(1,591,916)	(71,210)
Net cash provided by (used in) non-capital financing activities	<u>(589,158)</u>	<u>41,889</u>	<u>(930,538)</u>		<u>929,389</u>	<u>(548,418)</u>	<u>1,328,790</u>
Cash flows from capital and related financing activities:							
Loans proceeds	272,614	163,196	265,769		389,912	1,091,491	12,671,918
Repayment of loan		(17,063)	(4,266)		(384,116)	(405,445)	(11,848,021)
Interest and fiscal charges	(1,101,180)	(3,712,520)	(1,037,158)		(5,507)	(5,856,365)	(207,646)
Bond payments-principal	(1,085,000)	(3,480,000)	(1,576,944)			(6,141,944)	
Purchase of capital assets	(19,806,034)	(14,654,397)	(21,543,452)	(2,562,019)	(970,257)	(59,536,159)	(7,280,248)
Proceeds from sale of capital assets		4,253	39,391	3,284	77,344	124,252	287,176
Net cash (used in) capital and related financing activities	<u>(21,719,600)</u>	<u>(21,896,531)</u>	<u>(23,856,660)</u>	<u>(2,558,755)</u>	<u>(892,624)</u>	<u>(70,724,170)</u>	<u>(6,376,821)</u>
Cash flows from investing activities:							
Interest on investments	1,839,386	2,732,537	1,589,254	206,027	609,400	6,976,604	779,378
Net cash provided by investing activities	<u>1,839,386</u>	<u>2,732,537</u>	<u>1,589,254</u>	<u>206,027</u>	<u>609,400</u>	<u>6,976,604</u>	<u>779,378</u>
Net increase (decrease) in cash and equivalents	(15,838,786)	(4,931,823)	(15,486,214)	(1,449,363)	3,642,573	(34,063,613)	1,544,083
Cash and investments - beginning of year	<u>49,107,184</u>	<u>69,830,598</u>	<u>54,895,013</u>	<u>19,205,780</u>	<u>14,842,574</u>	<u>207,881,149</u>	<u>22,470,593</u>
Cash and investments - end of year	<u>\$ 33,268,398</u>	<u>\$ 64,898,775</u>	<u>\$ 39,408,799</u>	<u>\$ 17,756,417</u>	<u>\$ 18,485,147</u>	<u>\$ 173,817,536</u>	<u>\$ 24,014,676</u>
Classified as:							
Current assets	\$ 5,418,788	\$ 8,105,558	\$ 29,467,252	\$ 5,125,408	\$ 18,419,048	\$ 66,536,054	\$ 24,014,676
Restricted assets	27,849,610	56,793,217	9,941,547	12,631,009	66,099	107,281,482	
Total cash and investments	<u>\$ 33,268,398</u>	<u>\$ 64,898,775</u>	<u>\$ 39,408,799</u>	<u>\$ 17,756,417</u>	<u>\$ 18,485,147</u>	<u>\$ 173,817,536</u>	<u>\$ 24,014,676</u>
Non-cash transactions affecting financial position:							
Accounts payable - capital assets	\$ 1,298,368	\$ 1,298,368	\$ 215,031	\$ 193,755		\$ 3,005,522	\$
Retainage payable	1,449,277	1,449,277	253,204	188,598		3,340,356	
Capital contributions of capital assets	(5,331)	5,331			(10,449)	(10,449)	933,853
Total Non-cash transactions affecting financial position	<u>\$ 2,742,314</u>	<u>\$ 2,752,976</u>	<u>\$ 468,235</u>	<u>\$ 382,353</u>	<u>\$ (10,449)</u>	<u>\$ 6,335,429</u>	<u>\$ 933,853</u>

(continued)

CITY OF MIAMI BEACH, FLORIDA
STATEMENT OF CASH FLOWS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2008

(continued)

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
Operating income (loss)	\$ 3,281,211	\$ 8,703,680	\$ 6,443,996	\$ (3,129,979)	\$ 1,698,529	\$ 16,997,437	\$ (3,309,391)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:							
Depreciation and amortization	376,595	2,895,380	1,338,000	3,973,250	776,194	9,359,419	7,225,305
Provision for uncollectible accounts	95,442	229,938	14,063	35,624	152,515	527,582	6,619
Changes in assets and liabilities:							
(Increase) decrease in inventories		127,360	(8,000)			119,360	65,627
(Increase) decrease in accounts receivable	547,682	2,900,098	(188,035)	(210,816)	15,208	3,064,137	217,333
(Increase) decrease in due from other governments	156	2,034	5,596		155,483	163,269	4,795
(Increase) decrease in due from other funds		120	8,229		380,919	389,268	275,585
(Increase) decrease in prepaid expense				9,883	10,476	20,359	53,475
Increase (decrease) in accounts payable	295,149	(1,009,796)	311,114	444,020	(231,511)	(191,024)	(46,602)
Increase (decrease) in accrued expenses	1,595	(7,265)	(157,989)	(84,501)	16,718	(231,442)	(94,163)
Increase (decrease) in deposits		104,773	(120)	(126,868)	635	(21,580)	
Increase (decrease) in due to other governments			(18,170)	16,514	(40,110)	(41,766)	
Decrease in due to other funds					(10,371)	(10,371)	
Increase (decrease) in unearned revenues			(139,168)	(32,147)	9,899	(161,416)	
Increase in pending insurance claims							741,475
Increase in insurance claims incurred but not reported							511,706
Increase (decrease) in accrued compensated absences	32,756	43,960	102,214	8,385	61,824	249,139	160,972
Total adjustments	1,349,375	5,286,602	1,267,734	4,033,344	1,297,879	13,234,934	9,122,127
Net cash provided by operating activities	\$ 4,630,586	\$ 13,990,282	\$ 7,711,730	\$ 903,365	\$ 2,996,408	\$ 30,232,371	\$ 5,812,736

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

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

September 30, 2008

	Trust Funds	Agency Fund
Assets		
Cash and cash equivalents	\$ 10,255,368	\$ 8,595,888
Receivables:		
Accounts, net		85,684
Accrued interest	3,722,115	
Contributions	2,091,936	
Other	675,685	
Prepaid expenses	5,396	
Investments, at fair value:		
Short-term investments	15,001,556	
U.S. Government securities	77,611,744	
Corporate bonds and notes	166,428,380	
Common stocks and index funds	244,650,961	
Aggregated bond funds	92,679,493	
Aggregated equity funds	248,658,564	
Money market funds	7,195,145	
Real estate funds	21,391,155	
Mutual funds self-directed DROP participants	5,175,487	
Total investments	878,792,485	
Total assets	895,542,985	8,681,572
Liabilities		
Accounts payable	7,119,260	1,194,862
Deposits		7,486,710
Total liabilities	7,119,260	8,681,572
Net Assets		
Held in trust for pension benefits	\$ 888,423,725	\$

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

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

For the Fiscal Year Ended September 30, 2008

	Trust Funds
Additions:	
Contributions -	
Employer	\$ 38,310,041
Employee	11,521,604
State of Florida	2,262,963
Buybacks/transfers from other systems	658,097
Other	28
Total contributions	52,752,733
Investment loss -	
Net increase/(decrease) in fair value of investments	(138,899,401)
Interest and dividends income	25,345,644
	(113,553,757)
Investment management expenses	(3,499,700)
Net investment loss	(117,053,457)
Total additions/(reduction)	(64,300,724)
Deductions:	
Benefit paid	64,277,060
Contributions refunded	1,002,958
Administrative expenses	1,394,457
Total deductions	66,674,475
Net decrease	(130,975,199)
Net assets held in trust for pension benefits - beginning of year	1,019,398,924
Net assets held in trust for pension benefits - end of year	\$ 888,423,725

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

I. Summary of Significant Accounting Policies

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

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

A. Reporting entity

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

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

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

1. Blended Component Units:

Miami Beach Redevelopment Agency

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

Miami Beach Neighborhood Improvement District No. 1

The Miami Beach Neighborhood Improvement District No. 1 (the "NID No. 1") was created under Chapter 87-243, Section 55-73, of the Florida Statutes. The NID No. 1's Board of Directors is the City Commission. The NID No. 1 had no financial activity during fiscal year 2008.

Miami Beach Neighborhood Improvement District No. 2

The Miami Beach Neighborhood Improvement District No. 2 (the "NID No. 2") was created under Chapter 87-243, Section 55-73, of the Florida Statutes. The NID No. 2's Board of Directors is the City Commission. The NID No. 2 had no financial activity during fiscal year 2008.

Miami Beach Neighborhood Improvement District No. 3

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

87-243, Section 55-73, of the Florida Statutes. The NID No. 3's Board of Directors is the City Commission. The NID No. 3 had no financial activity during fiscal year 2008.

Normandy Shores Local Government Neighborhood Improvement District

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

2. Discretely Presented Component Units-Governmental Fund Type:

Miami Beach Health Facilities Authority

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

Miami Beach Visitor and Convention Authority

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

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

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

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

B. Government-wide and fund financial statements

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

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

contributions that are restricted to meeting the operational or capital requirements of a particular functional category. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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

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

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

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

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

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

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

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

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

Other fund types:

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

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

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

- *Pension trust funds* include:

Retirement System for Miami Beach Employees',

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

Retirement System for Firefighters and Police Officers,
Policemen's Relief and Pension Fund, and
Firemen's Relief and Pension Fund.

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

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

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

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

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

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

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

D. Assets, liabilities, and net assets or equity

1. *Cash and investments*

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

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

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

2. *Receivables and payables*

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

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

Following are the significant components of the receivables due to the City at September 30, 2008:

- a. Water, Sewer and Waste Fees – This amount represents the unpaid, unbilled and billed charges for various fines and municipal services;
- b. Taxes, Franchise Fees and Rents – This amount represents Ad Valorem taxes, including delinquent taxes, communication and utility taxes, along with franchise fees and rent payments due by September 30, 2008, but not collected as of that date;
- c. Resort Taxes Receivable – This amount represents resort taxes due by September 30, 2008, but not collected as of that date;
- d. Storm Water Receivable – This amount represents the unpaid, billed charges for treating water runoff from impervious areas; and
- e. Accrued Interest Receivable – This amount represents the interest earned but not collected on the City's investments at September 30, 2008.

3. *Inventories and prepaid*

Inventories are stated at the lower of cost or market value and accounted for on the consumption basis. Fund balance has been reserved for the amount of inventories since they are not available for appropriation and expenditure at September 30, 2008.

Expenditures made for services that will benefit periods beyond September 30, 2008 are recorded as prepaid items in the government-wide financial statements. Accordingly a portion of fund balance has been reserved to indicate that these funds are not available for appropriation.

4. *Restricted assets*

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

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convention center fund and other non-major enterprise funds.

5. *Capital Assets*

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

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

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

	Interest Charges	Amount Capitalized
Storm Water Utility	\$ 2,480,262	\$ 1,386,318
Water and Sewer	5,286,846	1,821,568
Parking Systems	1,379,175	360,623

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

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

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

6. *Compensated Absences*

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

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7. *Long-term obligations*

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

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

8. *Unearned/Deferred Revenue*

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

9. *Net Assets/ Fund Equity*

In the fund financial statements, governmental funds reserve 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 fund balance represent tentative management plans that are subject to change. Unreserved, undesignated fund balance indicates funds that are available for current expenditures. The government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as follows:

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

10. *Restricted Net Assets*

Restricted Net Assets consists of amounts restricted to comply with grant contracts and other externally imposed constraints or by legislation that are legally enforceable. At September 30, 2008, the Government-wide statement of net assets reports \$164,255,093 in restricted net assets. Of this amount, \$31,298,072 is restricted as a result of enabling legislation.

11. *Use of estimates*

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

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12. Risk Management

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

13. Employee Benefits Plans and Net Pension Asset/Obligation

The City provides separate defined benefit pension plans for general employees and for police and fire department personnel. The City no longer offers benefits under a defined contribution pension plan created in accordance with Internal Revenue Code Section 401(a) to new employees. However, current employees are still participating in the plan. The City also offers an optional deferred compensation plan created in accordance with Internal Revenue Code Section 457. The 457 Plan and the 401(a) Plan are not included in the City's financial statements. At September 30, 2008, the City did not have a net pension asset or obligation.

14. Post Employment Benefits Other Than Pensions (OPEB)

Pursuant to Section 112.08, Florida Statutes, the City is required to permit eligible retirees and their eligible dependents to participate in the City's health insurance program at a cost to the retirees that is no greater than the cost at which coverage is available for active employees. The City has a single employer OPEB plan with benefits based on age and date of employment. See Footnote 4-e for further information. At September 30, 2008, the City created an OPEB trust fund and transferred \$6.9 million to the OPEB trust based on actuarial determination. The City also paid \$6.4 million in post employment benefits on a pay-as-you go basis during the same fiscal year. At September 30, 2008, the City did not have a net OPEB asset or obligation.

II. Stewardship, compliance, and accountability

A. Deficit net assets

At September 30, 2008 the City's Internal Service Self Insurance Fund has a cumulative deficit of \$7.7 million. This is a net decrease of \$647,636 or 8.4% from the prior year. In the fiscal year, the self insurance funds received \$17.2 million in operating revenues and \$.5 million in interest income. It also had \$17 million in operating expenses which includes \$1.3 million in actuarially determined liabilities. It is the City's intention to continue to increase revenues and thus reduce the deficit in future years.

B. Excess of other financing uses over appropriations

For the year ended September 30, 2008, other financing uses exceeded appropriation in the Miami Beach Redevelopment Agency's (the Agency) special revenue fund in the transfers out function by \$14.89 million. This variance is attributed to the transfer of fiscal year 2006 capital appropriation from the Agency's special revenue fund to the Agency's capital project fund occurring in fiscal year 2008.

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C. New accounting pronouncements

Effective October 1, 2007, the City adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The effects of this adoption was to establish uniform reporting standards for other postemployment benefits (OPEB) plans, and to change the measurement, recognition, and display of OPEB expense and related liabilities (assets), note disclosures, and required supplementary information (RSI) in the annual financial reports of governmental entities.

At September 30, 2008, the City adopted the provisions of GASB Statement No. 50, *Pension Disclosures*. The reporting changes required by this Statement amended applicable note disclosures and RSI requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, and No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension*.

At September 30, 2008, the City adopted the provisions for GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The standard requires that the City disclose pledged revenues, which are revenues that secure debt of the City. For each period in which the secured debt remains outstanding, the pledging governments should disclose, in the notes to the financial statements, information about specific revenues pledged.

III. Detailed notes on all funds

A. Deposits and Investments

City's Pooled Portfolio Investments:

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

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

As of September 30, 2008, the City had the following investments in its portfolio:

City's Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. government agency	\$ 183,856,026	\$ 34,150,244	\$ 143,942,937	\$ 5,762,845
U.S. treasuries	130,148,796	130,148,796		
Corporate bonds	29,752,453		29,752,453	
Money Market Trust	19,137,504	19,137,504		
Repurchase agreement	62,075,586	62,075,586		
Total	<u>\$ 424,970,365</u>	<u>\$ 245,512,130</u>	<u>\$ 173,695,390</u>	<u>\$ 5,762,845</u>

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Credit Risk This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. State law limits investments in commercial paper and corporate bonds rated in one of the top two ratings issued by the Nationally Recognized Statistical Rating Organization (NRSROs). It is the City's policy to limit its exposure in these investment types to the top rating issued by NRSROs.

As of September 30, 2008 the City's investments were rated by Moody's Investors Service and Standard & Poor's as follow:

Investment Type	Issuer	Standard & Poor's	Moody's	Fair Value
Corporate Bonds:				
	GE Capital	AAA	Aaa	\$ 9,646,500
	Wells Fargo	AA+	Aa1	9,910,600
	Wal-Mart	AA	Aa2	5,467,003
	Merrill Lynch & Co.	AA-	Aa3	4,728,350

Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

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

The City's cash and investments held at September 30, 2008 (including restricted cash and cash with paying agent) are shown below:

	Carrying Amount	% of Portfolio
U.S. government agency	\$ 183,568,134	43.3 %
U.S. treasuries	129,681,249	30.6
Corporate bonds	29,752,453	7.0
Money market trust	19,137,504	4.5
Repurchase agreements	62,075,586	14.6
Total City Investments	424,214,926	100.0 %
City funds managed by others:		
Money market	67,785	
Cash with fiscal agent	100,000	
Common stock	44,071	
Demand deposit	130,524,259	
Total cash and investments	\$ 554,951,041	

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Schedule of cash and investments by funds:

General	\$ 42,877,337
Resort Tax	8,395,605
Redevelopment Agency	13,925,785
Capital Projects	218,667,019
Storm Water	33,268,398
Water & Sewer	64,898,775
Parking	39,408,799
Convention Center Complex	17,756,417
Internal Service	24,014,676
Agency	8,595,888
OPEB Trust	6,901,000
Nonmajor Funds	76,241,342
Total cash and investments	<u>\$ 554,951,041</u>

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

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

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

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

Employee Retirement Systems Investments:

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

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

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Information about the sensitivity of fair value of the System's investments to market interest rate fluctuations is provided in the table below that shows the distribution of the Systems investment by maturity at September 30, 2008.

City Pension Fund for Firefighters and Police Officers:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 61,697,272	\$ 5,047,912	\$ 41,513,838	\$ 15,135,522
Corporate bonds and notes	140,814,206	11,370,775	66,583,125	62,860,306
Total	\$ 202,511,478	\$ 16,418,687	\$ 108,096,963	\$ 77,995,828

Employees' Retirement Plan:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 11,537,121	\$	\$ 3,775,630	\$ 7,761,491
Corporate bonds and notes	22,685,137	1,102,924	6,164,529	15,417,684
Aggregated bond funds	92,679,493		27,657,257	65,022,236
Total	\$ 126,901,751	\$ 1,102,924	\$ 37,597,416	\$ 88,201,411

Firemen's Relief and Pension Fund:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 1,909,150	\$ 50,995	\$ 667,477	\$ 1,190,678
Corporate bonds and notes	2,498,098	404,470	1,335,202	758,426
Total	\$ 4,407,248	\$ 455,465	\$ 2,002,679	\$ 1,949,104

Policemen's Relief and Pension Fund:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 1,879,253	\$ 751,707	\$ 677,952	\$ 449,594
Corporate bonds	1,019,887	48,990	336,560	634,337
Short-term obligations	33,188	33,188		
Total	\$ 2,932,328	\$ 833,885	\$ 1,014,512	\$ 1,083,931

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

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

Credit risk is generally measured by the assignment of a rating by a nationally recognized rating organization. The following table discloses credit ratings by investment type at September 30, 2008.

City Pension Fund for Firefighters and Police Officers:

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
U.S. Government Securities	\$ 61,697,272	30.47 %
Quality rating of credit risk debt securities		
AAA	2,713,923	1.34
AA	5,806,152	2.87
AA-	8,621,310	4.26
A+	37,572,633	18.55
A	53,956,946	26.64
A-	14,645,019	7.23
BBB+	14,465,013	7.14
BBB	3,033,210	1.50
Total credit risk debt securities	<u>140,814,206</u>	<u>69.53</u>
Total fixed income securities	<u>\$ 202,511,478</u>	<u>100.00 %</u>

Fireman's Relief and Pension Fund:

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
U.S. Government Securities	\$ 2,498,098	56.7 %
Quality rating of credit risk debt securities		
Aaa	202,855	4.6
Aa3	152,126	3.5
BAA1	94,710	2.1
A1	354,863	8.1
A2	803,308	18.2
A3	301,288	6.8
Total credit risk debt securities	<u>1,909,150</u>	<u>43.3</u>
Total fixed income securities	<u>\$ 4,407,248</u>	<u>100 %</u>

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(Continued)

Miami Beach Employees' Retirement Plan:

	Fair Value	Percentage of Portfolio	
	<u> </u>	<u> </u>	
U.S. Government Securities	\$ 11,537,121	9.1	%
Quality rating of credit risk debt securities			
AAA	36,652,761	28.9	
AA	65,071,163	51.3	
AA-	1,353,735	1.1	
A+	1,897,343	1.5	
A	2,115,372	1.7	
A-	1,589,105	1.2	
BBB+	2,514,000	2.0	
BBB	3,201,000	2.5	
BBB-	930,501	0.7	
D	39,650	0.0	
Total credit risk debt securities	<u>115,364,630</u>	<u>90.9</u>	
Total fixed income securities	<u>\$ 126,901,751</u>	<u>100</u>	%

Policeman's Relief and Pension Fund:

	Fair Value	Percentage of Portfolio	
	<u> </u>	<u> </u>	
U.S. Government Securities	\$ 1,879,253	64.8	%
Quality rating of credit risk debt securities			
AA	99,758	3.4	
AA-	48,990	1.7	
A+	199,333	6.9	
A	580,686	20.0	
A-	91,120	3.2	
Total credit risk debt securities	<u>1,019,887</u>	<u>35.2</u>	
Total fixed income securities	<u>\$ 2,899,140</u>	<u>100</u>	%

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(Continued)

As of September 30, 2008 the System had the following cash and investments in its portfolio:

	Fair Value
Short term investments	\$ 15,001,556
U.S. government securities	77,611,744
Corporate bonds and notes	166,428,380
Common stock and index funds	244,650,961
Aggregated bond funds	92,679,493
Aggregated equity funds	248,658,564
Money market funds	7,195,145
Real Estate funds	21,391,155
Mutual funds	5,175,487
Cash	3,354,368
Total cash and investments	\$ 882,146,853

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

Discretely Presented Component Units

Component unit's cash and investment in the amount of \$2,603,135 consists of demand deposit and money market deposit accounts. These accounts are not subjected to interest rate risks, credit risks or concentration of credit risks. All deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under the Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", the State Treasurer requires all qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral equal to 50% to 125% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, United States governmental and agency securities, state or municipality government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280, Florida Statues. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

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

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B. Receivables

Receivables at September 30, 2008 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities						Total
	General	Resort Tax	Redeve- lopment Agency	Capital Projects	Internal Service	Nonmajor Funds	
Receivables:							
Accounts	\$ 6,221,568	\$ 2,022,187	\$ 1,570	\$	\$ 175,292	\$ 990,694	\$ 9,411,311
Interest	2,129,778		223	490,207		11,896	2,632,104
Special Assessments		775,452		40,418			815,870
Taxes	7,288,027					402,695	7,690,722
Gross receivables	15,639,373	2,797,639	1,793	530,625	175,292	1,405,285	20,550,007
Less: allowance for uncollectible accounts	(2,158,535)				(7,355)	(151,441)	(2,317,331)
Net total receivables	<u>\$ 13,480,838</u>	<u>\$ 2,797,639</u>	<u>\$ 1,793</u>	<u>\$ 530,625</u>	<u>\$ 167,937</u>	<u>\$ 1,253,844</u>	<u>\$ 18,232,676</u>

	Business-type Activities					Total
	Storm Water	Water and Sewer	Parking	Convention Center Complex	Nonmajor Funds	
Receivables:						
Accounts	\$ 853,265	\$ 5,647,332	\$ 3,786,752	\$ 2,091,589	\$ 2,102,764	\$ 14,481,702
Interest	2,585	7,532				10,117
Gross receivables	855,850	5,654,864	3,786,752	2,091,589	2,102,764	14,491,819
Less: allowance for uncollectible accounts	(342,123)	(1,141,835)	(14,063)	(78,070)	(871,172)	(2,447,263)
Net total receivables	<u>\$ 513,727</u>	<u>\$ 4,513,029</u>	<u>\$ 3,772,689</u>	<u>\$ 2,013,519</u>	<u>\$ 1,231,592</u>	<u>\$ 12,044,556</u>

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

C. Capital assets

Capital asset activity for the year ended September 30, 2008 as follows:

**Primary Government
Governmental activities:**

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 45,453,400	\$ 378,816	\$	\$ 45,832,216
Construction work-in-progress	225,049,953	70,375,489	54,642,604	240,782,838
Total capital assets, not being depreciated	<u>270,503,353</u>	<u>70,754,305</u>	<u>54,642,604</u>	<u>286,615,054</u>
Capital assets, being depreciated:				
Building	82,699,856	9,141,329		91,841,185
Permanent improvements	79,724,499	46,232,641		125,957,140
Furniture & fixtures	2,180,019	279,587		2,459,606
Equipment	78,202,123	8,521,036	5,188,332	81,534,827
Infrastructure	116,795,794			116,795,794
Total capital assets, being depreciated	<u>359,602,291</u>	<u>64,174,593</u>	<u>5,188,332</u>	<u>418,588,552</u>
Less: accumulated depreciation for:				
Building	40,265,254	1,656,008		41,921,262
Permanent improvements	66,966,900	1,464,050		68,430,950
Furniture & fixtures	1,588,896	190,372		1,779,268
Equipment	54,398,032	7,830,006	5,119,702	57,108,336
Infrastructure	85,923,861	2,389,132		88,312,993
Total accumulated depreciation	<u>249,142,943</u>	<u>13,529,568</u>	<u>5,119,702</u>	<u>257,552,809</u>
Total capital assets, being depreciated, net	<u>110,459,348</u>	<u>50,645,025</u>	<u>68,630</u>	<u>161,035,743</u>
Governmental activities capital assets, net	<u>\$ 380,962,701</u>	<u>\$ 121,399,330</u>	<u>\$ 54,711,234</u>	<u>\$ 447,650,797</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

Primary Government
Business-type activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Captial assets, not being depreciated:				
Land	\$ 24,274,408	\$	\$	\$ 24,274,408
Construction work-in-progress	<u>207,270,501</u>	<u>62,755,845</u>	<u>96,995,059</u>	<u>173,031,287</u>
Total capital assets, not being depreciated	<u>231,544,909</u>	<u>62,755,845</u>	<u>96,995,059</u>	<u>197,305,695</u>
Captial assets, being depreciated:				
Main & lines	40,940,282	54,661,083		95,601,365
Building & structure	204,839,099	147,153		204,986,252
Meters & hydrants	14,540,555	213,362		14,753,917
Furniture, equipment & vehicles	30,073,824	37,202,370	1,612,522	65,663,672
Improvements other than building	<u>4,069,504</u>	<u>6,693,799</u>	<u>97,500</u>	<u>10,665,803</u>
Total capital assets, being depreciated	<u>294,463,264</u>	<u>98,917,767</u>	<u>1,710,022</u>	<u>391,671,009</u>
Less: accumulated depreciation for:				
Main & lines	21,655,830	1,025,030		22,680,860
Building & structure	81,612,293	2,586,293		84,198,586
Meters & hydrants	8,606,870	279,946		8,886,816
Furniture, equipment & vehicles	21,105,026	2,624,456	1,385,827	22,343,655
Improvements other than building	<u>2,108,841</u>	<u>2,461,328</u>	<u>61,519</u>	<u>4,508,650</u>
Total accumulated depreciation	<u>135,088,860</u>	<u>8,977,053</u>	<u>1,447,346</u>	<u>142,618,567</u>
Total capital assets, being depreciated, net	<u>159,374,404</u>	<u>89,940,714</u>	<u>262,676</u>	<u>249,052,442</u>
Business-type activities, combined captial assets, net	<u>\$ 390,919,313</u>	<u>\$ 152,696,559</u>	<u>\$ 97,257,735</u>	<u>\$ 446,358,137</u>

**CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)**

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

Governmental activities:	
General government	\$ 8,042,100
Public safety	1,183,624
Physical environment	21,909
Transportation	2,692,437
Economic environment	78,706
Culture and recreation	<u>1,510,792</u>
Total depreciation expense - governmental activities	<u>\$ 13,529,568</u>
Business-type activities	
Storm Water	\$ 320,536
Water & Sewer	2,740,152
Parking Systems	1,167,141
Convention Center Complex	3,973,250
Nonmajor enterprise	<u>775,974</u>
Total depreciation expense - business-type activities	<u>\$ 8,977,053</u>

Accumulated Depreciation – For governmental activities, the increase in accumulated depreciation includes \$7,217,258 of depreciation expenses for internal services.

D. Construction commitments

At September 30, 2008 the City has active construction projects which includes, but is not limited to water; waste water and storm water improvements; as well as a variety of streetscape enhancement projects. The following table set forth these commitments by fund:

Capital Projects	\$ 41,595,740
Storm Water Utility	13,273,265
Water & Sewer	2,149,554
Parking Systems	4,637,772
Convention Center Complex	<u>2,939,485</u>
	<u>\$ 64,595,816</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

E. Interfund receivables, payables and transfers

Interfund balances at September 30, 2008 consist of the following:

Due From	Due To						Total
	General	Resort Tax	Redevelopment Agency	Capital Projects	Other Governmental	Other Enterprise	
General	\$ 1	\$	\$ 1,917,368	\$ 679,652	\$ 441,255	\$ 506	\$ 3,038,782
Redevelopment Agency	206,665	439,336					646,001
Capital Projects				780			780
Other Governmental	95,702						95,702
Other Enterprise			1,573,929				1,573,929
Internal Service			30,288		19,493		49,781
	<u>\$ 302,368</u>	<u>\$ 439,336</u>	<u>\$ 3,521,585</u>	<u>\$ 680,432</u>	<u>\$ 460,748</u>	<u>\$ 506</u>	<u>\$ 5,404,975</u>

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

Interfund transfers for the year ended September 30, 2008 consisted of the following:

Transfer Out	Transfer In							Total
	General	Redevelopment Agency	Capital Projects	Other Governmental	Water and Sewer	Other Enterprise	Internal Service	
General	\$	\$	\$ 10,039,887	\$ 8,993,150	\$	\$	\$ 1,400,000	\$ 20,433,037
Resort Tax	20,696,308	3,480,509	459,031	2,393,215				27,029,063
Redevelopment Agency			40,087,839	8,988,628				49,076,467
Capital Projects			173,942		41,889			215,831
Other Governmental			213,654	1,591,174				1,804,828
Storm Water				5,158		584,000		589,158
Water & Sewer					66,484			66,484
Parking	550,000			29,413		351,125		930,538
Other Enterprise				5,736				5,736
Internal Service				71,210				71,210
	<u>\$ 21,246,308</u>	<u>\$ 3,480,509</u>	<u>\$ 50,974,353</u>	<u>\$ 22,077,684</u>	<u>\$ 108,373</u>	<u>\$ 935,125</u>	<u>\$ 1,400,000</u>	<u>\$ 100,222,352</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

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

\$20,696,309 transferred from the Resort Tax Fund to the General Fund to support South Beach, Middle Beach and North Beach Services, various culture and recreation events, tourism related citywide expenditures. \$10,039,887 transferred from the General Fund to the Capital Projects Fund which includes \$7,500,000 transferred for Pay-As-You-Go capital projects and \$2,500,000 for capital reserves. \$40,301,493 transferred from the Redevelopment Agency Fund (RDA) to the Capital Projects Fund to finance various projects in the RDA City Center District. \$8,993,150 transferred from the General Fund to Other Governmental Funds, which includes \$4,857,189 for debt service payments and \$3,266,096 capital renewal and replacement. \$8,988,628 transferred from the RDA Fund to Other Governmental Funds for debt service payments.

F. Leases

1. Operating Leases

The City serves as the lessor for tenants leasing various parking facilities, marina, and offices and retail facilities. The tenant leases are considered operating leases, which expire at various dates through fiscal year 2053. Future minimum lease receivables under the operating leases at September 30, 2008, are as follows:

September 30	Business-type Operating Leases	Governmental Operating Leases
2009	\$ 1,459,246	\$ 892,033
2010	1,459,246	784,859
2011	1,459,246	784,859
2012	1,459,246	753,359
2013	1,355,260	720,349
2014 and thereafter	27,680,328	14,059,465
	<u>\$ 34,872,572</u>	<u>\$ 17,994,924</u>

The following schedule provides an analysis of the City's investment in property under operating leases and property held for lease by major classes as of September 30, 2008:

Parking facility	\$ 2,656,411
Retail space	23,021,122
Marina	5,654,752
	<u>31,332,285</u>
Less: Accumulated depreciation	<u>(14,823,383)</u>
	<u>\$ 16,508,902</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

G. Long-Term debt

1. General Obligation Bonds – Governmental Activities

The City issues general obligation bonds to provide funds for the acquisition, construction and improvements of major capital facilities. General obligation bonds have been issued for governmental activities. The amount of outstanding general obligation bonds issued is \$76,085,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 20-year serial bonds.

The General Obligation Bonds outstanding at September 30, 2008 consist of the following:

Issue Name	Interest Rate	Year Issued	Final Maturity	Original Issue	Outstanding 09/30/2008
1985B Gulf Breeze	4.55-5.40	2000	2013	\$ 15,910,000	\$ 8,595,000
1985E Gulf Breeze	5.50-5.80	2000	2020	14,090,000	14,090,000
General Obligation - Series 2003	2.00-5.25	2003	2033	<u>62,465,000</u>	<u>53,400,000</u>
Total General Obligation Bonds				<u>\$ 92,465,000</u>	<u>\$ 76,085,000</u>

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

Fiscal Year Ending September 30	General Obligation Bonds Governmental Activities		
	Principal	Interest	Total
2009	\$ 2,505,000	\$ 3,520,367	\$ 6,025,367
2010	2,595,000	3,420,528	6,015,528
2011	2,705,000	3,312,847	6,017,847
2012	2,815,000	3,196,357	6,011,357
2013	2,955,000	3,049,837	6,004,837
2014-2018	16,985,000	12,989,206	29,974,206
2019-2023	17,445,000	8,246,118	25,691,118
2024-2028	12,530,000	5,181,044	17,711,044
2029-2033	<u>15,550,000</u>	<u>2,160,225</u>	<u>17,710,225</u>
	76,085,000	45,076,529	121,161,529
Plus: Unamortized Bond Premium	<u>323,704</u>		<u>323,704</u>
	<u>\$ 76,408,704</u>	<u>\$ 45,076,529</u>	<u>\$ 121,485,233</u>

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

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

2. Special Obligation Bonds – Governmental Activities

At September 30, 2008 the outstanding principal of special obligation bond issues and repayment sources are as follows:

Issue Name	Repayment Source	Total Original Issue	Total Outstanding Principal
1985B Gulf Breeze fixed rate	Non Ad-Valorem	\$ 2,200,000	\$ 1,430,000
1985C Gulf Breeze fixed rate	Non Ad-Valorem	14,301,954	9,182,052
1985E Gulf Breeze fixed rate	Non Ad-Valorem	22,500,000	16,350,000
1994 Sunshine State VRDS	Non Ad-Valorem	30,000,000	3,455,000
1998A Tax Increment Revenue Bonds	RDA Tax increment Revenue	29,105,000	10,915,000
1998B Tax Increment Revenue Bonds	RDA Tax increment Revenue	9,135,000	315,000
2005 Pension Refunding Bonds	Non Ad-Valorem	53,030,000	45,590,000
2005A Tax Increment Revenue Refunding Bonds	RDA Tax increment Revenue	51,440,000	48,970,000
2005B Tax Increment Revenue Refunding Bonds	RDA Tax increment Revenue	29,300,000	27,585,000
Total Special Obligation Bonds		<u>\$ 241,011,954</u>	<u>\$ 163,792,052</u>

During fiscal 1994, the City executed a loan agreement with The Sunshine State Governmental Financing Commission to borrow \$30,000,000 on a variable rate note, principal to be repaid in twenty annual installments commencing September 1, 1995 through September 1, 2014. Interest is paid monthly at a variable rate. Interest at September 30, 2008 was 6.24%. On August 1, 2001 the City executed a loan agreement to repay a portion of the outstanding principal for this loan of \$14,977,000.

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

On July 1, 1998, the Agency issued \$29,105,000 (Series 1998A) and \$9,135,000 (Series 1998B) in tax-increment bonds. These bonds are secured by a lien upon and pledge of the pledged funds, which include (a) the net trust fund revenue received by the Agency from the City Center/Historic Convention Village Redevelopment and Revitalization Area, (b) the portion of the proceeds for the City's municipal resort tax levied and collected by the City and received by the trustee, and (c) moneys and investments in the funds and accounts created under the resolution. The Series 1998A bonds were issued with interest rates of 6.70% to 7.00% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2020. The Series 1998B bonds were issued with interest rates of 3.60% to 5.20% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2008. The bonds are subject to a trust indenture, which requires that annual debt service requirements be fully funded upon receipt of trust fund revenue and supplemental revenue, and that any shortage shall be

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

funded based on the supplemental revenue resolution. The Series 1998A and 1998B tax-increment bonds were partially refunded/defeased by the issuance of the Series 2005A and 2005B tax increment revenue refunding bonds on September 22, 2005. The Series 1998A and Series 1998B bonds had a remaining outstanding principal balance, after the refunding, of \$11,230,000 at September 30, 2008.

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

At September 30, 2008, \$42,075,000 of the Agency's bonds outstanding are considered defeased.

On August 1, 2001, the City executed three loan agreements with the City of Gulf Breeze, Florida, Local Government Pool to borrow \$47,145,000 on fixed rate notes. The Gulf Breeze Series B, in the amount of \$2,200,000, principal is to be repaid in fourteen annual installments commencing December 1, 2002 with interest paid semi-annually. The Gulf Breeze Series C, in the amount of \$22,445,000, principal is to be repaid in fourteen annual installments commencing December 1, 2002 with interest paid semi-annually. The Gulf Breeze Series E, in the amount of \$22,500,000, principal is to be repaid in nineteen annual installments commencing December 1, 2002 with interest paid semi-annually. \$17,115,000 was used to repay the outstanding balance of the City Gulf Breeze, Florida Local Government Loan Program Series 1985 C variable rate notes. \$14,977,000 was used to repay a portion of the outstanding principal from the Sunshine State Loan. The remaining funds will be used for the renovation and improvement of two City owned golf courses and their related facilities. A portion of the Gulf breeze 1985 C outstanding debt relates to the construction of a Parking Garage. The Parking Enterprise Fund includes an outstanding amount of \$5,227,948 that relates to this debt.

On August 15, 2007, the City defeased the Resort Tax Refunding Bonds, Series 1996. As a result, the outstanding balance of \$3,060,000 was removed from the governmental activities column of the statement of net assets. At September 30, 2008, \$1,470,000 is still considered defeased.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

At September 30, 2008 debt service requirements to maturity for special obligation bonds are as follows:

Fiscal Year Ending September 30	Debt Service Requirements Special Obligation Bonds		
	Principal	Interest	Total
2009	\$ 9,586,288	\$ 7,980,070	\$ 17,566,358
2010	10,037,706	7,548,879	17,586,585
2011	10,479,124	7,099,680	17,578,804
2012	10,955,542	6,606,755	17,562,297
2013	11,677,890	6,079,948	17,757,838
2014-2018	59,875,502	21,600,048	81,475,550
2019-2023	51,180,000	6,250,846	57,430,846
	<u>163,792,052</u>	<u>63,166,226</u>	<u>226,958,278</u>
Plus: Net unamortized Bond Premium	1,174,147		1,174,147
	<u>\$ 164,966,199</u>	<u>\$ 63,166,226</u>	<u>\$ 228,132,425</u>

The City has pledged net revenues received by the Redevelopment Agency from the City Center/ Historic Convention Village Redevelopment and Revitalization Area of the City and proceeds from the municipal resort tax levied and collected by the City for the 1998 and 2005 Series Tax Increment Revenue Refunding Bonds. For the fiscal year ended September 30, 2008, debt service on the tax increment bonds was \$8,375,554 and tax increment revenues totaled \$32,496,438.

3. Revenue bonds – Business-Type Activities

a. Parking Fund

The Parking Revenue Fund had the following changes in its current and Long-Term debt outstanding for the year ended September 30, 2008:

Indebtedness	Balance 10/01/2007	Debt Repaid	Balance 09/30/2008
Bonds	\$ 28,234,892	\$ 1,576,944	\$ 26,657,948
	<u>\$ 28,234,892</u>	<u>\$ 1,576,944</u>	<u>\$ 26,657,948</u>

Parking Revenue Fund indebtedness at September 30, 2008, is comprised of the following issued indebtedness:

\$10,795,000	1996 Special Obligation Refunding Bonds due in annual installments through 2009: interest at 3.2% and 5.0%	<u>\$ 1,015,000</u>
\$21,000,000	1997 Special Obligation Bonds due in annual installments through 2022: interest at 4.00% - 5.125%	<u>\$ 20,415,000</u>
\$ 8,143,046	2001 Gulf Breeze Loan Pool due in annual installments through 2015: interest at 3.875% - 4.75%	<u>\$ 5,227,948</u>

At September 30, 2008, \$1,060,000 of bonds outstanding are considered defeased.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

The aggregate maturities of Long-Term Debt at September 30, 2008, are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2009	\$ 1,648,712	\$ 1,318,222	\$ 2,966,934
2010	1,727,294	1,240,684	2,967,978
2011	1,810,876	1,158,622	2,969,498
2012	1,894,458	1,069,761	2,964,219
2013	1,987,110	974,223	2,961,333
2014-2018	9,889,498	3,350,531	13,240,029
2019-2022	7,700,000	1,010,907	8,710,907
	26,657,948	10,122,950	36,780,898
Less: Unamortized Bond Discount	417,401		417,401
	<u>\$ 26,240,547</u>	<u>\$ 10,122,950</u>	<u>\$ 36,363,497</u>

The Series 1996 and 1997 revenue bonds are payable from and secured by a lien on and pledge of net revenues derived from the operation of the City's parking system. The total principal and interest remaining to be paid on the bonds is \$36,780,898. Principal and interest paid for the current year and total customer net revenues were \$2,966,998 and \$3,581,538 respectively.

b. Water and Sewer Fund

The Water & Sewer Fund issued \$59,060,000 in Water and Sewer Revenue Bonds, Series 1995, on June 8, 1995. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The bonds were issued to construct various improvements and extensions to the Water and Sewer utility. This bond was refunded by the issuance of the Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1 and 2006C on May 1, 2006.

The Water & Sewer Fund issued \$54,310,000 in Water and Sewer Revenue Bonds, Series 2000, on September 1, 2000. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The bonds were issued to construct various improvements and extensions to the Water and Sewer utility.

On May 1, 2006, the City obtained four loans from the City of Gulf Breeze, Florida Local Government Loan Pool Program. The City of Miami Beach intends to use a loan from the City of Gulf Breeze, Florida, Series 1985B Bond proceeds and a loan from the City of Gulf Breeze, Florida, Series 1985C proceeds to refund all of the City of Miami Beach's outstanding Water & Sewer Revenue Bonds, Series 1995. In addition, the City intends to use a loan from the City of Gulf Breeze, Florida, Series 1985B Bond proceeds and a loan of the City of Gulf Breeze, Florida, Series 1985E Bond proceeds to pay the cost of certain improvements to its water and sewer utility. As evidence of such loans, the City's Water and Sewer Fund issued \$8,500,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series 2006B-1, \$18,300,000 in Water and Sewer Revenue Bonds, Taxable Series 2006B-2, \$27,500,000 in Water and Sewer Revenue Refunding Bonds, Taxable Series, 2006C, and \$5,700,000 in Water and Sewer Revenue Bonds, Taxable Series 2006E. The bonds will be repaid solely from pledged revenues of the Water and Sewer system. They are registered transcripts and insured. The Refunding bonds were issued to refund the Water and Sewer Revenue Bonds, Series 1995, and the other two bonds were issued to construct various improvements and extensions to the Water and Sewer utility.

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

Indebtedness of the Water and Sewer Fund at September 30, 2008 is as follows:

\$ 54,310,000	2000 Revenue Bonds due in annual installments through 2030: Interest at 5.00% - 5.75%	<u>\$ 54,310,000</u>
\$ 8,500,000	2006B-1 Water & Sewer Revenue Refunding Bonds Gulf Breeze Loan Series 1985B due in annual installments through 2015: Interest at 4.25% - 4.50%	<u>\$ 8,500,000</u>
\$ 18,300,000	2006B-2 Water & Sewer Revenue Bonds Gulf Breeze Loan Series 1985B due in annual installments through 2019: Interest at 4.40% - 4.50%	<u>\$ 18,300,000</u>
\$ 27,500,000	2006C Water & Sewer Revenue Refunding Bonds Gulf Breeze Loan Series 1985C due in annual installments through 2013: Interest at 4.00% - 4.50%	<u>\$ 20,735,000</u>
\$ 5,700,000	2006E Water & Sewer Revenue Bonds Gulf Breeze Loan Series 1985E due in annual installments through 2020: Interest at 5.00%	<u>\$ 5,700,000</u>

The aggregate maturities of Long-term debt as of September 30, 2008 are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2009	\$ 3,740,000	\$ 5,187,155	\$ 8,927,155
2010	3,775,000	5,036,856	8,811,856
2011	3,930,000	4,882,754	8,812,754
2012	4,100,000	4,722,155	8,822,155
2013	4,285,000	4,554,455	8,839,455
2014-2018	27,555,000	19,778,731	47,333,731
2019-2023	29,330,000	11,989,500	41,319,500
2024-2028	20,855,000	5,973,338	26,828,338
2029-2030	9,975,000	754,250	10,729,250
	107,545,000	62,879,194	170,424,194
Less: Unamortized Bond Discount	390,614		390,614
	<u>\$ 107,154,386</u>	<u>\$ 62,879,194</u>	<u>\$ 170,033,580</u>

The Series 2000 and 2006 revenue bonds are payable from and secured by a lien on and pledge of net revenues of the water and sewer utility and to the extent provided in the bond resolution, from impact fees, and from all moneys held in the funds and accounts established under the bond resolution. The total principal and interest remaining to be paid on the bonds is \$170,424,194. Principal and interest paid for the current year and total customer net revenues were \$8,811,555 and \$11,352,271 respectively.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

The aggregate maturities of loans at September 30, 2008 are as follows:

Fiscal Year Ending September 30	Loans		
	Principal	Interest	Total
2009	\$ 2,803,254	\$ 408,015	\$ 3,211,269
2010	2,378,259	321,453	2,699,712
2011	2,039,439	242,625	2,282,064
2012	1,629,807	175,600	1,805,407
2013	1,527,561	118,008	1,645,569
2014-2017	2,216,471	126,377	2,342,848
	<u>\$ 12,594,791</u>	<u>\$ 1,392,078</u>	<u>\$ 13,986,869</u>

The above debt has been recorded in the following funds:

Internal Service	\$ 11,559,417
Stormwater	272,614
Water & Sewer	147,465
Parking	261,836
Other Enterprise	353,459
	<u>\$ 12,594,791</u>

5. Other Obligations

On June 28, 1999, the City issued a Non-ad Valorem Revenue Note, Series 1999, to Florida Power & Light Company ("FPL") in the amount of \$3,941,059 with an annual interest rate not to exceed 4.75 percent. The note is for a ten year period and interest and principal payments of \$248,857 are due on the first day of June and December of each year until June 1, 2009. The City issued the note to finance a contribution to aid construction of an underground electric transmission line within the City limits. At September 30, 2008 the City was indebted for \$480,531.

On September 27, 2000, the City was granted a \$4,000,000 Section 108 U. S. Housing and Urban Development loan. The City has drawn \$4,000,000 of this loan for improvements to neighborhood Streets, North Shore Park and Youth Center. At September 30, 2008, the outstanding balance on the amount drawn was \$1,470,000. The interest rate on this loan is a variable rate (LIBOR plus 20 basis points or .2%) Principal payments are made annually on the first of August and interest payments are made quarterly. This loan matures on August 1, 2015.

The aggregate maturities of other long-term obligations at September 30, 2008 are as follows:

Fiscal Year Ending September 30	Long-term Obligation	Interest	Total
2009	\$ 690,531	\$ 61,433	\$ 751,964
2010	210,000	37,926	247,926
2011	210,000	31,605	241,605
2012	210,000	25,284	235,284
2013	210,000	18,963	228,963
2014-2015	420,000	18,963	438,963
	<u>\$ 1,950,531</u>	<u>\$ 194,174</u>	<u>\$ 2,144,705</u>

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

6. Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2008 is as follows:

Governmental activities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation	\$ 78,620,000	\$	\$ 2,535,000	\$ 76,085,000	\$ 2,505,000
Special obligation	172,970,108		9,178,056	163,792,052	9,586,288
Net unamortized bond premium	1,656,219		158,368	1,497,851	154,486
Total bonds payable	253,246,327		11,871,424	241,374,903	12,245,774
Claims and judgments	21,644,952	5,729,971	4,476,790	22,898,133	5,858,000
Compensated absences	15,757,897	6,176,552	4,833,294	17,101,155	4,833,294
Other obligations	2,619,023		668,492	1,950,531	690,531
Loans payable	10,616,749	12,790,689	11,848,021	11,559,417	2,626,706
Governmental activity Long-term liabilities	<u>\$ 303,884,948</u>	<u>\$ 24,697,212</u>	<u>\$ 33,698,021</u>	<u>\$ 294,884,139</u>	<u>\$ 26,254,305</u>
Business-type activities:					
Revenue bonds payable	\$ 185,829,884	\$	\$ 6,141,936	\$ 179,687,948	\$ 6,523,712
Unamortized bond discount	1,321,252		103,562	1,217,690	102,807
Total bonds payable	184,508,632		6,038,374	178,470,258	6,420,905
Loans payable	344,974	1,095,845	405,445	1,035,374	176,547
Compensated absences	1,433,833	1,040,624	791,485	1,682,972	791,485
Deposits	9,086,925	2,998,866	3,020,446	9,065,345	3,020,446
Business-type activity Long-term liabilities	<u>\$ 195,374,364</u>	<u>\$ 5,135,335</u>	<u>\$ 10,255,750</u>	<u>\$ 190,253,949</u>	<u>\$ 10,409,383</u>

The City's internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At September 30, 2008, \$1,170,486 internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the internal service and general fund respectively.

H. Other Information

1. Risk Management

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

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

All-Risk property insurance (exclusive of windstorm coverage) provides coverage for losses to City buildings above various deductible amounts. The City maintains no excess coverage with independent insurance carriers for the workers' compensation, general, automobile, police professional and public official liability self-insurance program. Premiums are charged to the respective City funds and determined based on amounts necessary to provide funding for current losses and to meet the required annual payments during the fiscal year. There were no settlements in excess of applicable insurance for the past three years. During fiscal year 2008, the City's total property insurance premium cost decreased by approximately \$101,000 due to appraised property values. The City's windstorm insurance coverage was increased to \$20 million.

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

The following are the changes in the funds' claims liability amount during fiscal year 2008 and 2007 respectively:

	<u>2008</u>	<u>2007</u>
Unpaid claims, beginning of year	\$ 21,644,952	\$ 19,581,820
Incurring claims (include incurred but not yet reported)	5,730,731	7,207,930
Less: claim payments	<u>4,477,550</u>	<u>5,144,798</u>
Unpaid claims, end of year	<u>\$ 22,898,133</u>	<u>\$ 21,644,952</u>

2. Significant Commitments and Contingencies

- a. The City, in the normal course of operations, is a party to various other actions in which plaintiffs have alleged certain damages. In all cases, management does not believe the disposition of these matters will materially affect the financial position of the City.
- b. The City participates in a number of Federal and State assisted grant programs, which are subject to financial and compliance audits. Audits for these programs are to be conducted at a future date, and the City expects the amount, if any, of the expenditures which may be disallowed by the granting agency to be immaterial.
- c. Subsequent to September 30, 2008 there have been significant negative economic developments surrounding the overall market liquidity, credit availability and market collateral levels investment securities held by the City's Employees' Retirement System and the Retirement System for Firefighters and Police Officers. Consequently, the City's required contribution amount to the City's Employees' Retirement System and the Retirement System for Firefighters and Police Officers, which are necessary to maintain the actuarial soundness and to provide the level of assets sufficient to meet participant benefits, could significantly increase in future periods. It is management's opinion that future contribution to the plans will not have a material adverse effect on the City's financial position.

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

3. Pension Plan

a. Miami Beach Employees' Retirement System

i. Summary of Significant Accounting Principles

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

ii Plan Description

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

At October 1, 2007 membership consisted of:

	As Pro Forma 2007
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1,071
Current Employees	1,061

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

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

Classified members administered under the First Tier are eligible for Normal Retirement at age 50 and incrementally over five years of Creditable Service and are entitled to benefits of 3% of Final Average Monthly Earnings ("FAME") multiplied by the first 15 years of Creditable Service plus 4% of FAME multiplied by years of service in excess of 15, with the total not to exceed 90% of the FAME. FAME for the First Tier members is defined as one-twelfth of the average annual earnings during the two highest paid years of Creditable Service. First Tier unclassified members accrued 4% for Creditable Service before October 18, 1992. Unclassified First Tier members accrued 3% per year of service after October 18, 1992, with the total not to exceed 80% of FAME. Classified and unclassified members administered under the Second Tier are eligible for Normal Retirement at age 55 and incrementally over five years of Creditable Service and are entitled to benefits of 3% of FAME multiplied by Creditable Service, with a maximum of 80% of FAME. FAME for the Second Tier members is defined as one-twelfth of average annual earnings during the two highest paid years of Creditable Service.

New employees to the Plan will vest over five years and the retirement age is 55. All First Tier employees who participate are required to contribute 10% of their salary to the Plan. All Second Tier employees are required to contribute 8% of their salary. Employee contributions, including buybacks, are disclosed in the financial statements. Any First Tier member who terminates employment may either request a refund of his or her own contributions plus interest or receive his or her accrued benefit beginning at age 50, if at least five years of Creditable Service are completed, or at age 62, if less than five years of Creditable Service are completed. Any Second Tier member who entered on or after the Second Tier Date and who terminates employment after five years of Creditable Service may either request a refund of his or her own contributions plus interest or receive his or her accrued benefit beginning at age 55.

iii. Funding Policy, Contributions Required and Contributions Made

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

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

Significant actuarial assumptions used include (a) investment return of 8.75%, net rate after investment related expenses, (b) 2000 Group Annuity Mortality Table; for those who have terminated employment before October 1, 1993, rates are based on the Plan's own experience, (c) for retirement, once a member is eligible to retire, a probability of retirement based on age is used (effective October 1, 1996), (d) projected salary increases of 6% per year compounded annually, attributable to inflation, and (e) cost of living increases of 2.5% per year compounded annually.

For the fiscal year ended September 30, 2008, the City was required to make contributions of \$13,911,545 or 24.24% of covered payroll to the Plan in accordance with actuarially determined requirements computed through an actuarial valuation performed as of October 1, 2006. For the year ended September 30, 2008, the employees contributed \$6,602,403.

The Plan uses the following actuarial valuations at 10/01/07:

Actuarial Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	5 year smoothed market
Amortization Method	Level dollar, closed
Actuarial Assumptions:	
Investment rate of return	8.65%

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NOTES TO FINANCIAL STATEMENTS
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(Continued)**

Projected salary increases	6%
Inflation	4%
Cost of living adjustment (COLA)	2.5%

iv. Trend Information

Trend information indicates the progress made in accumulating sufficient assets to pay benefits when due. An analysis of funding progress for the fiscal year ended September 30, 2008, for the Miami Beach Employee' Retirement System is as follows:

Schedule of Employer Contributions

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
2006	\$ 5,500,329	100 %
2007	12,234,519*	100
2008	13,911,545	100

*February 28, 2006 actuarial impact statement

v. Funding Status and Funding Progress

The funded status of the Plan as of October 1, 2007, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/2007	\$ 412,824	\$ 478,068	\$ 65,243	86.4%	\$ 59,632	109.4%

b. Retirement System for Firefighters and Police Officers

i. Summary of Significant Accounting Principles

The Plan financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which the employee services are performed. Accounting Principles Generally Accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates. The fair value of quoted investments securities is based on the closing sale price as of September 30, 2008, as reported by recognized securities exchanges. Short term obligations are stated at cost which approximates market value. Gains and losses on the sale of investments are based on the first-in, first-out identification method. Dividends and interest are recognized when earned.

ii. Plan Description

The City's Pension Fund for Firefighters and Police (the "Plan") was formally known as City Pension Fund for Fireman and Policeman – City of Miami Beach and City Supplemental Pension Fund for Firefighters and Police Officers – City of Miami Beach. The former plans were merged and the name was changed to City Pension Fund for Firefighters and Police Officers in the City of Miami Beach. The Plan is defined benefit pension plans covering substantially all police officers

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(Continued)

and firefighters of the City, as established by Chapter 23414, Laws of Florida, Special Acts of 1945 as amended through November 4, 2003.

Any member may retire on a service retirement pension upon the attainment of age 50 or, if earlier, the date when age and length of creditable service equals to at least 70. If a member resigns or is lawfully discharged before retirement, their contributions with 3% interest per annum are returned to them. The Plan also provides a special provision for vested benefits for employees who terminate after 10 years of service.

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

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

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

iii. Deferred retirement option plan

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

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

At September 30, 2008, \$5,175,487 the total amount of the Deferred Retirement Option Plan payable represents the balance of the self-directed participants as all of the participants are now in the self-directed DROP.

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(Continued)

At October 1, 2007 the plan membership consisted of the following:

	As of October 1, 2007
Active Members	482
Deferred Vested Members	17
Retired Members:	
a. Service	420*
b. Disabled	61
c. Beneficiaries	91
	572
Total	1,071

* Including members in the DROP

iv. Funding Policy, Contributions Required and Contributions Made.

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

The actual contribution from the City of Miami Beach, and the State of Florida for active employees for the fiscal year ended September 30, 2008, was \$17,618,045 and covered payroll was approximately \$49,191,000. The contribution required from the City and the State of Florida for the fiscal year ended September 30, 2008, was actuarially determined by the October 1, 2006 valuation to be \$17,618,045. The actuarially computed annual covered payroll used in the October 1, 2006 valuation was \$35,354,776. The annual pension cost was \$17,618,045 for the fiscal year ended September 30, 2008.

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

The Plan uses the following actuarial valuations at 10/01/07:

Actuarial Cost Method	Entry age Normal
Amortization Method	Level percentage, closed
Remaining amortization period	24 – 30 years
Asset Valuation Method	Market Related Value
Actuarial Assumptions:	
Investment rate of return*	8.50%
Projected salary increases	4.53% - 10.17%
Cost of living adjustment	2.50%

v. Trend Information

Trend information indicates the progress made in accumulating sufficient assets to pay benefits when due. An analysis of funding progress for the fiscal year ended September 30, 2008, for the Retirement System for Fire Fighters and Police Officers is as follows:

September 30,	Contribution	Contributed
2006	\$ 14,601,836	100%
2007	15,231,417	100%
2008	17,618,045	100%

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vi. **Funding Status and Funding Progress**

The funded status of the Plan as of October 1, 2007, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
10/01/2007	\$ 495,993,903	\$ 632,992,587	\$ 136,998,684	78.4%	\$ 38,705,407	354.0%

c. Firemen's and Police Relief and Pension Funds

The City's firefighters and police officers are members of two separate non-contributory money purchase benefit plans established under the provisions of Florida Statutes, Chapters 175 and 185, respectively. These plans are funded solely from proceeds of certain excise taxes levied by the City and imposed upon property and casualty insurance coverage within City limits. This tax, which is collected from insurers by the State of Florida, is remitted to the Plans' Boards of Trustees. The City is under no obligation to make any further contributions to the plans. The excise taxes received from the State of Florida and remitted to the plans for the year ended September 30, 2008 was \$1,705,647 for firefighters and \$557,316 for police officers.

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

d. Defined Contribution Retirement Plan-401(A)

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

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

The Plan is administrated by a Board of Trustees, which has the general responsibility for the proper operation and management of the Plan. The Plan complies with the provisions of section 401(A) of the Internal Revenue Code of 1986 and may be amended by the City Commission of the City. The City has no fiduciary responsibility for the Plan.

Employees in the Plan hired prior to February 21, 1994 are required to contribute 10% of their salary while those hired subsequent to February 21, 1994 are required to contribute 8% of their salary. The City matches with an 8% contribution. The Plan of each employee is the immediate property of the

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(Continued)

employee and investment of these funds is directed by the employee amongst choices of investment vehicles offered by Nationwide Retirement Solutions (formerly Public Employee Benefits Services Corporation – PEBSICO).

Plan information as of and for the fiscal year ended September 30, 2008 is as follows:

Members in the Plan		56
City's contribution	\$ 292,159	
Percentage of covered payroll		9.83%
Employees' contribution	242,727	
Percentage of covered payroll		8.17%

e. Postemployment Benefits Other than Pension Benefits (OPEB)

i. Plan description

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

1. Health and Dental Insurance - Employees hired prior to March 18, 2006 are eligible to receive a 50% health insurance contribution of the total premium cost. At age 65, if the retiree is eligible for Medicare Part B, the City contributes 50% of the Medicare Part B payment. Employees hired after March 18, 2006, after vesting in City's retirement plans, are eligible to receive an amount per year of credible service, up to a maximum of \$250 per month until age 65 and \$5 per year of credible service up to a maximum of \$125, thereafter.
2. Life Insurance (\$1,000)

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

At October 1, 2007 the date of the latest actuarial valuation, plan participation consisted of

OPEB plan participants	1,993
Retirees receiving benefits	717

ii. Funding policy

The City has the authority to establish and amend funding policy. For the year ended September 30, 2008, the City paid \$6,375,000 in OPEB benefits on a pay-as-go basis and \$6,901,000 to the Trust. It is the City's intent to base future Trust contributions on the annual required contribution (ARC) in subsequent annual actuarial reports, however, no Trust contributions are legally or contractually required.

iii. Annual OPEB Cost and Net OPEB Obligation

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

Annual required contribution	\$	13,276,000
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		13,276,000
Contributions made		13,276,000
Net OPEB obligation		-
Net OPEB obligation - beginning of year		-
Net OPEB obligation - end of year	\$	-

v. Funding status and funding progress

The contributions made for fiscal year 2008 was 100% of the annual OPEB cost. Information on the 2 preceding fiscal years is not available. As of the October 1, 2007 actuarial date, the OPEB Plan was not funded, the actuarial liability for benefits was \$155,956,000. There were no Plan assets resulting in an unfunded actuarial accrued liability (UAAL) of \$155,956,000. The covered payroll (annual payroll of active employees covered by the OPEB Plan) was \$111,007,809, and the ratio of the UAAL to the covered payroll was 71.2%

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Active Participants Covered Payroll	UAAL as % of Active Participants Covered Payroll
10/01/2007	\$	\$ 155,956,000	\$ 155,956,000	0.0%	\$ 111,007,809	71.2%

Amounts are based on preliminary actuarial valuation. No assets existed in the plan until fiscal year ended September 30, 2008.

vi. Actuarial methods and assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of the Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

CITY OF MIAMI BEACH, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(Continued)

The actuarial methods are:

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

The actuarial assumptions are:

Investment discount rate (long term expectation of investment return on assets)	8.5%
Projected annual salaries increases	4%
Healthcare cost trend rate	

	Select	Ultimate
Medical	9.5	5
Medicare Part B reimbursement	9.5	5
Dental	6	6

OPEB Trust Fund financial statements for the fiscal year ended September 30, 2008 are as follows:

STATEMENT OF FIDUCIARY NET ASSETS September 30, 2008		STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS September 30, 2008	
Cash	\$ 6,901,000	Additions	\$
Total Assets	<u>6,901,000</u>	Employer contribution	<u>6,901,000</u>
Liabilities	<u> </u>	Net increase	6,901,000
Total liabilities	<u> </u>	Assets held in Trust	
Net Assets	<u>\$ 6,901,000</u>	Beginning of year	<u> </u>
		End of Year	<u>\$ 6,901,000</u>

f. Financial Statements

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

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

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

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

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

**REQUIRED SUPPLEMENTARY
INFORMATION (RSI)**

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

Miami Beach Employees' Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/c
10/1/05	\$ 325,727	\$ 368,096	\$ 42,369	88.5 %	\$ 36,680	115.5 %
10/1/06	358,459	448,933	90,585	79.8	57,391	157.6
10/1/07	412,824	478,067	65,243	86.4	59,632	109.4

City Pension for Firefighters and Police Officers

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/c
10/1/05	\$ 457,681	\$ 551,908	\$ 94,227	82.9 %	\$ 31,260	301.4 %
10/1/06	470,603	582,016	114,413	80.9	35,355	315.1
10/1/07	495,994	632,993	136,999	78.4	38,705	354.0

Postemployment Benefits Other Than Pension (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/c
10/1/07	\$	\$ 155,956	\$ 155,956	0.0 %	\$ 111,008	71.2 %

CITY OF MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended September 30, 2008
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes:				
Property	\$ 125,481,798	\$ 123,786,473	\$ 123,786,473	\$ 3,841
Sales, use and fuel taxes	1,787,700	1,564,355	1,568,196	304,334
Utility	12,803,300	13,481,515	13,785,849	(533,198)
Local business	3,875,000	3,875,000	3,341,802	(304,332)
Franchise fees	10,030,000	10,564,149	10,259,817	388,233
Permits	10,978,925	15,365,319	15,753,552	(52,833)
Intergovernmental	9,411,240	9,250,707	9,197,874	25,211
Charges for services	8,346,651	8,074,653	8,099,864	15,086
Rents and leases	4,311,750	4,365,192	4,380,278	
Interest income	6,200,000	7,837,849	7,837,849	
Fines and forfeits	1,817,000	2,183,561	2,331,459	147,898
Administrative fees	8,395,546	8,395,546	8,407,423	11,877
Other	5,929,318	5,399,322	5,394,695	(4,627)
Total revenues	<u>209,368,228</u>	<u>214,143,641</u>	<u>214,145,131</u>	<u>1,490</u>
Expenditures				
General government:				
Mayor and Commission	1,398,649	1,365,840	1,365,840	
City Manager	2,262,557	2,254,952	2,254,952	
City Clerk	1,649,865	1,611,968	1,611,968	
Budget and Performance Management	1,881,019	1,705,184	1,705,184	
Finance	4,230,476	4,021,009	4,028,509	(7,500)
Human Resources	1,793,929	1,824,673	1,828,633	(3,960)
Procurement	924,630	898,307	897,857	450
City Attorney	4,160,593	3,955,327	3,955,450	(123)
Planning	3,188,539	2,924,901	2,792,739	132,162
Media Relations	1,224,962	1,101,622	1,101,014	608
Public Works	2,622,498	2,610,598	2,425,900	184,698
Capital Improvement / Upkeep	3,368,733	2,863,804	2,863,804	
Special Projects	950,586	1,457,017	1,105,719	351,298
Unclassified	7,945,330	6,794,660	7,123,215	(328,555)
Total general government	<u>37,602,366</u>	<u>35,389,862</u>	<u>35,060,784</u>	<u>329,078</u>
Public safety:				
Ocean Rescue	7,836,454	8,173,857	8,244,213	(70,356)
Building Services	11,937,749	11,661,512	11,650,348	11,164
Fire	36,098,899	36,926,958	36,772,297	154,661
Police	74,201,188	74,779,910	74,623,056	156,854
Emergency 911	493,000	483,000	702,327	(219,327)
Unclassified	170,000	5,707,057	5,566,698	140,359
Total public safety	<u>130,737,290</u>	<u>137,732,294</u>	<u>137,558,939</u>	<u>173,355</u>
Physical Environment	1,360,585	1,356,888	1,650,073	(293,185)
Transportation	4,013,251	4,221,473	4,413,891	(192,418)
Economic Environment	1,707,997	1,697,076	1,660,207	36,869
Human Services	1,308,531	1,079,576	1,086,897	(7,321)
Culture and recreation	30,216,215	28,777,490	28,600,773	176,717
Capital Outlay	1,697,427	2,378,223	766,082	1,612,141
Debt service:				
Principal retirement	1,215,222	1,215,222	1,098,492	116,730
Interest and fiscal charges	804,100	804,100	722,444	81,656
Total expenditures	<u>210,662,984</u>	<u>214,652,204</u>	<u>212,618,582</u>	<u>2,033,622</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,294,756)</u>	<u>(508,563)</u>	<u>1,526,549</u>	<u>2,035,112</u>
Other financing sources (uses)				
Transfers in	21,246,309	21,246,309	21,246,308	(1)
Transfers out	(19,961,553)	(20,247,746)	(20,433,037)	(185,291)
Sale of capital assets	10,000	10,000	8,381	(1,619)
Total other financing sources	<u>1,294,756</u>	<u>1,008,563</u>	<u>821,652</u>	<u>(186,911)</u>
Net change in fund balances		500,000	2,348,201	1,848,201
Fund balances - beginning of year	44,142,914	44,142,914	44,142,914	
Fund balances - end of year	<u>\$ 44,142,914</u>	<u>\$ 44,642,914</u>	<u>\$ 46,491,115</u>	<u>\$ 1,848,201</u>

CITY OF MIAMI BEACH, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended September 30, 2008
(Unaudited)

	Resort Tax Revenue Fund			Miami Beach Redevelopment Agency			Variance Favorable (Unfavorable)
	Original and Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	
Revenues							
Resort taxes	\$ 36,628,000	\$ 38,100,260	\$ 1,472,260	\$ 32,201,069	\$ 32,201,069	\$ 32,496,438	\$ 295,369
Tax increment	190,000	203,860	13,860	2,000,000	2,000,000	1,371,749	(628,251)
Interest income	414,200	899,572	485,372			25,811	25,811
Other							
Total revenues	37,232,200	39,203,692	1,971,492	34,201,069	34,201,069	33,893,998	(307,071)
Expenditures							
General government	992,023	953,913	38,110	4,673,606	4,673,606	4,812,194	(138,588)
Public safety	41,447	41,447	41,447	2,963,692	2,963,692	2,721,218	242,474
Economic environment	7,264,988	7,022,115	242,873				
Culture and recreation	282,616	93,884	188,732	74,725	74,725	5,324	69,401
Capital Outlay							
Total expenditures	8,581,074	8,069,912	511,162	7,712,023	7,712,023	7,538,736	173,287
Excess (deficiency) of revenues over (under) expenditures	28,651,126	31,133,780	2,482,654	26,489,046	26,489,046	26,355,262	(133,784)
Other financing sources (uses)							
Transfers in				3,205,500	3,205,500	3,480,509	275,009
Transfers out	(28,651,126)	(27,029,063)	1,622,063	(34,184,312)	(34,884,312)	(49,076,467)	(14,892,155)
Sale of capital assets						3,746	3,746
Total other financing sources (uses)	(28,651,126)	(27,029,063)	1,622,063	(30,978,812)	(31,678,812)	(45,592,212)	(14,613,400)
Net change in fund balances		4,104,717	4,104,717	(4,489,766)	(5,189,766)	(19,236,950)	(14,747,184)
Fund balances - beginning of year	6,007,033	6,007,033		30,245,348	30,245,348	30,245,348	
Fund balances - end of year	\$ 6,007,033	\$ 10,111,750	\$ 4,104,717	\$ 25,755,582	\$ 25,055,582	\$ 11,008,398	\$ (14,747,184)

CITY OF MIAMI BEACH, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2008
(Unaudited)

1. Budgetary Policy

A. Budgetary Data

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

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

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

At least 65 days prior to the beginning of the fiscal year, the City Commission is presented with a proposed budget. The proposed budget includes anticipated expenditures and the means of financing them. After Commission review and public hearings, the budget is adopted prior to October 1st. The budgets are approved by fund and department, and controlled at the department level. Management may transfer amounts between line items within a department as long as the transfer does not result in an increase in the department's budget. Increases to funds or department budgets and transfers between departments require City Commission approval.

There was one (1) supplemental budgetary appropriations during fiscal year ended September 30, 2008.

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

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

**SUPPLEMENTARY
INFORMATION**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

Debt Service Funds

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

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

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

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

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

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

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

**CITY OF MIAMI BEACH, FLORIDA
 COMBINED BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2008**

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 50,147,762	\$ 7,608,433	\$ 57,756,195
Receivables, net	839,253	402,695	1,241,948
Accrued interest		11,896	11,896
Due from other funds	95,702		95,702
Due from other governments	533,308		533,308
	<u>533,308</u>	<u> </u>	<u>533,308</u>
Total assets	<u>\$ 51,616,025</u>	<u>\$ 8,023,024</u>	<u>\$ 59,639,049</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,156,069	\$	\$ 3,156,069
Retainage payable	243,206		243,206
Accrued expenditures	180,725	21,184	201,909
Unearned/Deferred revenues	735,869	211,005	946,874
Due to other funds	460,748		460,748
	<u>460,748</u>	<u> </u>	<u>460,748</u>
Total liabilities	<u>4,776,617</u>	<u>232,189</u>	<u>5,008,806</u>
FUND BALANCES			
Reserved for:			
Encumbrances	6,442,980		6,442,980
Debt service		7,790,835	7,790,835
Unreserved	40,396,428		40,396,428
	<u>40,396,428</u>	<u> </u>	<u>40,396,428</u>
Total fund balances	<u>46,839,408</u>	<u>7,790,835</u>	<u>54,630,243</u>
Total liabilities and fund balances	<u>\$ 51,616,025</u>	<u>\$ 8,023,024</u>	<u>\$ 59,639,049</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2008

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
REVENUES			
Property taxes	\$	\$ 6,104,894	\$ 6,104,894
Sales , Use and Fuel Taxes	2,977,003		2,977,003
Other taxes	2,262,962		2,262,962
Federal grants	4,514,925		4,514,925
State grants	206,672		206,672
Grants from other local units	443,457		443,457
Charges for services	2,827,925		2,827,925
Fines and forfeitures	904,758		904,758
Impact Fees	5,746,024		5,746,024
Interest income	952,984	176,650	1,129,634
Miscellaneous	530,099		530,099
	<hr/>	<hr/>	<hr/>
Total revenues	21,366,809	6,281,544	27,648,353
EXPENDITURES			
Current:			
General government	772,325		772,325
Public safety	5,700,071		5,700,071
Transportation	2,538,176		2,538,176
Economic environment	3,231,135		3,231,135
Human services	607,669		607,669
Culture and recreation	1,657,090		1,657,090
Capital Outlay	8,439,798		8,439,798
Debt Service:			
Principal	210,000	11,073,056	11,283,056
Interest	80,117	11,485,563	11,565,680
Other		26,268	26,268
	<hr/>	<hr/>	<hr/>
Total expenditures	23,236,381	22,584,887	45,821,268
Excess (deficiency) of revenues over (under) expenditures	<hr/> <u>(1,869,572)</u>	<hr/> <u>(16,303,343)</u>	<hr/> <u>(18,172,915)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,001,943	17,075,741	22,077,684
Transfers out	<u>(213,654)</u>	<u>(1,591,174)</u>	<u>(1,804,828)</u>
	<hr/>	<hr/>	<hr/>
Total other financing sources	4,788,289	15,484,567	20,272,856
Net change in fund balances	2,918,717	(818,776)	2,099,941
Fund balances - beginning of year	<hr/> <u>43,920,691</u>	<hr/> <u>8,609,611</u>	<hr/> <u>52,530,302</u>
Fund balances - end of year	<hr/> <u>\$ 46,839,408</u>	<hr/> <u>\$ 7,790,835</u>	<hr/> <u>\$ 54,630,243</u>

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

September 30, 2008

	Community Development Block Grant Fund	State Housing Initiatives Partnership Fund	Parking Impact Fees Fund	Transportation Concurrency Management Fund	Police Confiscation and Training Fund	Other Special Revenue Fund	Total
ASSETS							
Cash and investments	\$ 76,961	\$ 1,735,102	\$ 20,429,962	\$ 8,838,610	\$ 1,877,585	\$ 17,189,542	\$ 50,147,762
Receivables, net			59,850		3,335	776,068	839,253
Due from other funds	95,702						95,702
Due from other governments	78,997					454,311	533,308
Total assets	\$ 251,660	\$ 1,735,102	\$ 20,489,812	\$ 8,838,610	\$ 1,880,920	\$ 18,419,921	\$ 51,616,025
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$ 63,165	\$ 91,943	\$ 1,774,617	\$ 512,527	\$ 34,087	\$ 679,730	\$ 3,156,069
Retainage payable			243,206			171,013	243,206
Accrued expenditures	8,357	1,355				127,233	180,725
Unearned/ Deferred revenue		608,636				280,610	735,869
Due to other funds	180,138						460,748
Total liabilities	251,660	701,934	2,017,823	512,527	34,087	1,258,586	4,776,617
Fund balances:							
Reserved for encumbrances		128,884	4,646,565	41,978	30,035	1,595,518	6,442,980
Unreserved		904,284	13,825,424	8,284,105	1,816,798	15,565,817	40,396,428
Total fund balances		1,033,168	18,471,989	8,326,083	1,846,833	17,161,335	46,839,408
Total liabilities and fund balances	\$ 251,660	\$ 1,735,102	\$ 20,489,812	\$ 8,838,610	\$ 1,880,920	\$ 18,419,921	\$ 51,616,025

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS

For the Fiscal Year Ended September 30, 2008

	Community Development Block Grant Fund	State Housing Initiatives Partnership Fund	Parking Impact Fees Fund	Transportation Concurrency Management Fund	Police Confiscation and Training Fund	Other Special Revenue Fund	Total
Revenues:							
Sales, Use and Fuel Taxes	\$	\$	\$	\$	\$	\$	\$
Other taxes							
Federal grants	1,977,210						2,977,003
State grants							2,262,962
Grants from other local units							4,514,925
Charges for services							206,672
Fines and forfeitures					904,758		443,457
Impact Fees			4,018,835	1,727,189			2,827,925
Interest income		56,267	658,933		58,538		904,758
Miscellaneous						179,246	5,746,024
					530,099		952,984
Total revenues	<u>1,977,210</u>	<u>56,267</u>	<u>4,677,768</u>	<u>1,727,189</u>	<u>963,296</u>	<u>11,965,079</u>	<u>21,366,809</u>
Expenditures:							
Current:							
General government						772,325	772,325
Public safety				661,339	249,646	5,450,425	5,700,071
Transportation						1,876,837	2,538,176
Economic environment	1,787,817	432,717				1,010,601	3,231,135
Human services						607,669	607,669
Culture and recreation						1,657,090	1,657,090
Capital Outlay			2,703,890	32,749	80,861	5,622,298	8,439,798
Debt Service:							
Principal	210,000						210,000
Interest						80,117	80,117
Total expenditures	<u>1,997,817</u>	<u>432,717</u>	<u>2,703,890</u>	<u>694,088</u>	<u>330,507</u>	<u>17,077,362</u>	<u>23,236,381</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,607)</u>	<u>(376,450)</u>	<u>1,973,878</u>	<u>1,033,101</u>	<u>632,789</u>	<u>(5,112,283)</u>	<u>(1,869,572)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	20,607					4,981,336	5,001,943
Transfers out						(213,654)	(213,654)
Total other financing sources (uses)	<u>20,607</u>	<u>(376,450)</u>	<u>1,973,878</u>	<u>1,033,101</u>	<u>632,789</u>	<u>4,767,682</u>	<u>4,788,289</u>
Net change in fund balances		<u>(376,450)</u>	<u>1,973,878</u>	<u>1,033,101</u>	<u>632,789</u>	<u>(344,601)</u>	<u>2,918,717</u>
Fund balances - beginning of year		<u>1,409,618</u>	<u>16,498,111</u>	<u>7,292,982</u>	<u>1,214,044</u>	<u>17,505,936</u>	<u>43,920,691</u>
Fund balances - end of year	<u>\$</u>	<u>\$ 1,033,168</u>	<u>\$ 18,471,989</u>	<u>\$ 8,326,083</u>	<u>\$ 1,846,833</u>	<u>\$ 17,161,335</u>	<u>\$ 46,839,408</u>

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

September 30, 2008

	General Obligation Debt Service Fund	Excise Tax Debt Service Fund	Gulf Breeze Special Obligation Debt Service Fund	Miami Beach Redevelopment Agency Debt Service Fund	Sunshine State Special Obligation Debt Service Fund	Pension Special Obligation Debt Service Fund	Total
Assets							
Cash and investments	\$ 786,820	\$ 5,832	\$ 249,421	\$ 6,418,807	\$ 139,192	\$ 8,361	\$ 7,608,433
Receivables, net	402,695						402,695
Accrued interest	1,085			10,811			11,896
Total assets	\$ 1,190,600	\$ 5,832	\$ 249,421	\$ 6,429,618	\$ 139,192	\$ 8,361	\$ 8,023,024
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$	\$	\$	\$	\$	\$	\$
Accrued expenditures		3,467			17,717		21,184
Deferred revenue	211,005						211,005
Total liabilities	211,005	3,467			17,717		232,189
Fund balances:							
Reserved for debt service	979,595	2,365	249,421	6,429,618	121,475	8,361	7,790,835
Total fund balances	979,595	2,365	249,421	6,429,618	121,475	8,361	7,790,835
Total liabilities and fund balances	\$ 1,190,600	\$ 5,832	\$ 249,421	\$ 6,429,618	\$ 139,192	\$ 8,361	\$ 8,023,024

**CITY OF MIAMI BEACH, FLORIDA
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

For the Fiscal Year Ended September 30, 2008

	General Obligation Debt Service Fund	Excise Tax Debt Service Fund	Gulf Breeze Special Obligation Debt Service Fund	Miami Beach Redevelopment Agency Debt Service Fund	Sunshine State Special Obligation Debt Service Fund	Pension Special Obligation Debt Service Fund	Total
Revenues							
Property taxes	\$ 6,104,894			\$ 163,880	\$	\$	\$ 6,104,894
Interest income	12,683		70	163,880		17	176,650
Total revenues	6,117,577		70	163,880		17	6,281,544
Expenditures							
Debt Service:							
Principal	2,535,000		1,583,056	3,860,000	510,000	2,585,000	11,073,056
Interest	3,615,558		754,019	4,515,554	197,660	2,402,772	11,485,563
Other	11,865	2,643	10,952			808	26,268
Total expenditures	6,162,423	2,643	2,348,027	8,375,554	707,660	4,988,580	22,584,887
Excess of expenditures over revenues	(44,846)	(2,643)	(2,347,957)	(8,211,674)	(707,660)	(4,988,563)	(16,303,343)
Other financing sources (uses):							
Transfers in			2,416,191	8,988,628	686,500	4,984,422	17,075,741
Transfers out				(1,591,174)			(1,591,174)
Total other financing sources			2,416,191	7,397,454	686,500	4,984,422	15,484,567
Net change in fund balances	(44,846)	(2,643)	68,234	(814,220)	(21,160)	(4,141)	(818,776)
Fund balances at beginning of year	1,024,441	5,008	181,187	7,243,838	142,635	12,502	8,609,611
Fund balances at end of year	\$ 979,595	\$ 2,365	\$ 249,421	\$ 6,429,618	\$ 121,475	\$ 8,361	\$ 7,790,835

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

For the Fiscal Years Ended September 30, 2008

	General Obligation Debt Service Fund			Miami Beach Redevelopment Agency Special Obligation Debt Service Fund		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues						
Property taxes	\$ 6,160,075	\$ 6,104,894	\$ (55,181)	\$	\$	\$
Interest income		12,683	12,683		163,880	163,880
Total revenues	6,160,075	6,117,577	(42,498)		163,880	163,880
Expenditures						
Debt Service:						
Principal payments	2,535,000	2,535,000		3,860,000	3,860,000	
Interest payments	3,615,558	3,615,558		4,515,554	4,515,554	
Other	9,517	11,865	(2,348)			
Total expenditures	6,160,075	6,162,423	(2,348)	8,375,554	8,375,554	
Excess (deficiency) of revenues over (under) expenditures		(44,846)	(44,846)	(8,375,554)	(8,211,674)	163,880
Other financing sources (uses)						
Transfers in				9,950,145	8,988,628	(961,517)
Transfers out				(1,574,591)	(1,591,174)	
Total other financing sources				8,375,554	7,397,454	(961,517)
Net change in fund balances		(44,846)	(44,846)		(814,220)	(814,220)
Fund balances - beginning	1,024,441	1,024,441		7,243,838	7,243,838	
Fund balances - ending	\$ 1,024,441	\$ 979,595	\$ (44,846)	\$ 7,243,838	\$ 6,429,618	\$ (814,220)

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
September 30, 2008

	<u>Sanitation Fund</u>	<u>Miami Beach Redevelopment Agency's Parking Fund</u>	<u>Miami Beach Redevelopment Agency's Leasing Fund</u>	<u>Totals</u>
ASSETS				
Current assets:				
Cash and investments	\$ 7,607,346	\$ 6,638,576	\$ 4,173,126	\$ 18,419,048
Accounts receivable (net of allowance for uncollectibles)	895,029	4,351	332,212	1,231,592
Due from other governments			1,882	1,882
Due from other funds	1,573,929			1,573,929
Prepaid expenses		7,000	67,336	74,336
Total current assets	<u>10,076,304</u>	<u>6,649,927</u>	<u>4,574,556</u>	<u>21,300,787</u>
Noncurrent assets:				
Cash and investments				
Customer deposits		5,913	60,186	66,099
Deferred charges	2,468			2,468
Capital assets:				
Land	405,680	2,793,051	210,230	3,408,961
Buildings and structures	542,339	11,955,752	899,896	13,397,987
Machinery and equipment	3,085,389	11,825	9,404	3,106,618
Construction in progress	407,298	304,237	441,765	1,153,300
Less accumulated depreciation	<u>(2,090,497)</u>	<u>(3,769,290)</u>	<u>(289,975)</u>	<u>(6,149,762)</u>
Total capital assets (net of accumulated depreciation)	<u>2,350,209</u>	<u>11,295,575</u>	<u>1,271,320</u>	<u>14,917,104</u>
Total noncurrent assets	<u>2,352,677</u>	<u>11,301,488</u>	<u>1,331,506</u>	<u>14,985,671</u>
Total assets	<u>12,428,981</u>	<u>17,951,415</u>	<u>5,906,062</u>	<u>36,286,458</u>
LIABILITIES				
Current liabilities:				
Accounts payable	425,097	165,365	2,250	592,712
Accrued expenses	137,124	823		137,947
Due to other funds		381	125	506
Due to other governments		1,622		1,622
Loan payable	78,323			78,323
Accrued compensated absences	168,402			168,402
Unearned revenue		9,899		9,899
Total current liabilities	<u>808,946</u>	<u>178,090</u>	<u>2,375</u>	<u>989,411</u>
Noncurrent liabilities:				
Deposits		5,913	60,186	66,099
Accrued compensated absences	364,356			364,356
Loan payable	275,136			275,136
Total noncurrent liabilities	<u>639,492</u>	<u>5,913</u>	<u>60,186</u>	<u>705,591</u>
Total liabilities	<u>1,448,438</u>	<u>184,003</u>	<u>62,561</u>	<u>1,695,002</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,996,750	11,295,575	1,271,320	14,563,645
Unrestricted	8,983,793	6,471,837	4,572,181	20,027,811
Total net assets	<u>\$ 10,980,543</u>	<u>\$ 17,767,412</u>	<u>\$ 5,843,501</u>	<u>\$ 34,591,456</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2008

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
Operating revenues:				
Charges for services	\$ 6,640,285	\$ 2,135,090	\$	\$ 8,775,375
Permits, rentals, and other	7,362,149	591,607	671,611	8,625,367
Total operating revenues	<u>14,002,434</u>	<u>2,726,697</u>	<u>671,611</u>	<u>17,400,742</u>
Operating expenses:				
Personal services	6,540,553			6,540,553
Operating supplies	35,188	12,310		47,498
Contractual services	3,971,118	1,456,814	79,985	5,507,917
Utilities	58,611	73,187		131,798
Internal charges	1,485,996			1,485,996
Depreciation	332,028	410,639	33,307	775,974
Administrative fees	264,500			264,500
Amortization	220			220
Other operating	830,753	108,147	8,857	947,757
Total operating expenses	<u>13,518,967</u>	<u>2,061,097</u>	<u>122,149</u>	<u>15,702,213</u>
Operating income	<u>483,467</u>	<u>665,600</u>	<u>549,462</u>	<u>1,698,529</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(6,946)			(6,946)
Gain (Loss) on disposal of capital assets	31,785			31,785
Interest income	311,878	173,814	123,708	609,400
Total nonoperating expenses	<u>336,717</u>	<u>173,814</u>	<u>123,708</u>	<u>634,239</u>
Income before contributions and transfers	<u>820,184</u>	<u>839,414</u>	<u>673,170</u>	<u>2,332,768</u>
Capital contributions	(10,449)			(10,449)
Transfers in	935,125			935,125
Transfers out	(5,736)			(5,736)
Change in net assets	<u>1,739,124</u>	<u>839,414</u>	<u>673,170</u>	<u>3,251,708</u>
Total net assets - beginning	<u>9,241,419</u>	<u>16,927,998</u>	<u>5,170,331</u>	<u>31,339,748</u>
Total net assets - ending	<u>\$ 10,980,543</u>	<u>\$ 17,767,412</u>	<u>\$ 5,843,501</u>	<u>\$ 34,591,456</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2008

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
Cash flows from operating activities:				
Cash received from customers	\$ 7,160,207	\$ 2,750,260	\$ 678,445	\$ 10,588,912
Cash paid to suppliers	(5,722,676)	(1,495,392)	(93,894)	(7,311,962)
Cash paid to employees	(6,462,037)			(6,462,037)
Internal activity-payments to other funds	(1,221,496)	(116,523)		(1,338,019)
Other operating	7,519,514			7,519,514
Net cash provided by (used in) operating activities	<u>1,273,512</u>	<u>1,138,345</u>	<u>584,551</u>	<u>2,996,408</u>
Cash flows for non-capital financing activities:				
Transfers in	935,125			935,125
Transfers out	(5,736)			(5,736)
Net cash provided by non-capital financing activities	<u>929,389</u>			<u>929,389</u>
Cash flows from capital and related financial activities:				
Loan proceeds	389,912			389,912
Repayment of loan	(384,116)			(384,116)
Interest and fiscal charges	(5,507)			(5,507)
Purchase of capital assets	(230,895)	(304,237)	(435,125)	(970,257)
Proceeds from sale of capital assets	77,344			77,344
Net cash used in capital and related financial activities	<u>(153,262)</u>	<u>(304,237)</u>	<u>(435,125)</u>	<u>(892,624)</u>
Cash flows from investing activities:				
Interest on investments	311,878	173,814	123,708	609,400
Net cash provided by investing activities	<u>311,878</u>	<u>173,814</u>	<u>123,708</u>	<u>609,400</u>
Net increase in cash and investments	2,361,517	1,007,922	273,134	3,642,573
Cash and investments - beginning of year	5,245,829	5,636,567	3,960,178	14,842,574
Cash and investments - end of year	<u>\$ 7,607,346</u>	<u>\$ 6,644,489</u>	<u>\$ 4,233,312</u>	<u>\$ 18,485,147</u>
Classified as:				
Current assets	\$ 7,607,346	\$ 6,638,576	\$ 4,173,126	\$ 18,419,048
Restricted assets		5,913	60,186	66,099
Total cash and investments	<u>\$ 7,607,346</u>	<u>\$ 6,644,489</u>	<u>\$ 4,233,312</u>	<u>\$ 18,485,147</u>
Non-cash transactions affecting financial position:				
Capital contributions of capital assets	<u>\$ (10,449)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (10,449)</u>

(continued)

CITY OF MIAMI BEACH, FLORIDA
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY
OPERATING ACTIVITIES
NONMAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2008

(continued)

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
Operating income (loss)	\$ 483,467	\$ 665,600	\$ 549,462	\$ 1,698,529
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:				
Depreciation and amortization	332,248	410,639	33,307	776,194
Provision for uncollectible accounts	143,658		8,857	152,515
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	8,374		6,834	15,208
Increase (decrease) in due from other governments	157,365		(1,882)	155,483
Increase (decrease) in due from other funds	367,890	13,029		380,919
(Increase) decrease in prepaid expense			10,476	10,476
Increase (decrease) in accounts payable	(298,006)	74,050	(7,555)	(231,511)
Increase (decrease) in accrued expenses	16,692	26		16,718
Increase (decrease) in deposits		635		635
Increase (decrease) in due to other governments		(25,037)	(15,073)	(40,110)
Increase (decrease) in due to other funds		(10,496)	125	(10,371)
Increase (decrease) in deferred revenues		9,899		9,899
Increase (decrease) in accrued compensated absences	61,824			61,824
Total adjustments	790,045	472,745	35,089	1,297,879
Net cash provided by (used in) operating activities	\$ 1,273,512	\$ 1,138,345	\$ 584,551	\$ 2,996,408

CITY OF MIAMI BEACH, FLORIDA
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 September 30, 2008

	Fleet Management Fund	Property Management Fund	Central Services Fund	Self Insurance Fund	Communications Fund	Total
ASSETS						
Current assets:						
Cash and investments	\$ 5,908,748	\$ 1,022,447	\$ 32,439	\$ 14,379,109	\$ 2,571,933	\$ 23,914,676
Cash with fiscal agent				100,000		100,000
Accounts receivable, net	129,371	29,554	9,012			167,937
Due from other funds	9,011	17,723	5,571	1,805	15,671	49,781
Prepaid expenses				1,217,588		1,217,588
Inventories	176,259	117,908	20,612			314,779
Total current assets	<u>6,223,389</u>	<u>1,187,632</u>	<u>67,634</u>	<u>15,698,502</u>	<u>2,587,604</u>	<u>25,764,761</u>
Noncurrent assets:						
Deferred charges	56,809				53,916	110,725
Capital assets:						
Land	608,520					608,520
Buildings and structures	2,001,269	19,276				2,020,545
Machinery and equipment	32,593,016	3,386,556	131,943	287,445	37,570,620	73,969,580
Construction in progress					476,550	476,550
Less accumulated depreciation	(23,706,452)	(2,464,230)	(99,971)	(109,039)	(26,365,700)	(52,745,392)
Total capital assets (net of accumulated depreciation)	<u>11,496,353</u>	<u>941,602</u>	<u>31,972</u>	<u>178,406</u>	<u>11,681,470</u>	<u>24,329,803</u>
Total noncurrent assets	<u>11,553,162</u>	<u>941,602</u>	<u>31,972</u>	<u>178,406</u>	<u>11,735,386</u>	<u>24,440,528</u>
Total assets	<u>17,776,551</u>	<u>2,129,234</u>	<u>99,606</u>	<u>15,876,908</u>	<u>14,322,990</u>	<u>50,205,289</u>
LIABILITIES						
Current liabilities:						
Accounts payable	488,516	305,099	25,415	579,664	1,049,603	2,448,297
Accrued expenses	68,778	91,372	5,559	18,519	146,250	330,478
Accrued compensated absences	62,373	169,485	8,277	14,251	116,111	370,497
Loan payable	2,013,100	29,570			584,036	2,626,706
Pending insurance claims				5,858,000		5,858,000
Total current liabilities	<u>2,632,767</u>	<u>595,526</u>	<u>39,251</u>	<u>6,470,434</u>	<u>1,896,000</u>	<u>11,633,978</u>
Noncurrent liabilities:						
Accrued compensated absences	127,980	62,701	58,858	70,175	480,275	799,989
Loan payable	4,939,543	179,774			3,813,394	8,932,711
Pending insurance claims				4,015,254		4,015,254
Insurance claims incurred but not reported				13,024,879		13,024,879
Total noncurrent liabilities	<u>5,067,523</u>	<u>242,475</u>	<u>58,858</u>	<u>17,110,308</u>	<u>4,293,669</u>	<u>26,772,833</u>
Total liabilities	<u>7,700,290</u>	<u>838,001</u>	<u>98,109</u>	<u>23,580,742</u>	<u>6,189,669</u>	<u>38,406,811</u>
NET ASSETS						
Invested in capital assets, net of related debt	4,543,710	732,258	31,972	178,406	7,284,040	12,770,386
Unrestricted	5,532,551	558,975	(30,475)	(7,882,240)	849,281	(971,908)
Total net assets	<u>\$ 10,076,261</u>	<u>\$ 1,291,233</u>	<u>\$ 1,497</u>	<u>\$ (7,703,834)</u>	<u>\$ 8,133,321</u>	<u>\$ 11,798,478</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Year Ended September 30, 2008

	Fleet Management Fund	Property Management Fund	Central Services Fund	Self Insurance Fund	Communications Fund	Total
Operating revenues:						
Charges for services	\$ 8,240,408	\$ 8,824,367	\$ 905,216	\$ 15,965,526	\$ 12,007,736	\$ 45,943,253
Miscellaneous	103,789	7,202		1,227,435	45,950	1,384,376
Total operating revenues	<u>8,344,197</u>	<u>8,831,569</u>	<u>905,216</u>	<u>17,192,961</u>	<u>12,053,686</u>	<u>47,327,629</u>
Operating expenses:						
Personal services	1,651,823	4,184,911	395,452	615,549	4,639,440	11,487,175
Operating supplies	4,206,647	1,100,715	362	1,508	105,988	5,415,220
Contractual services	120,189	1,736,590	312,361	1,173,744	2,672,626	6,015,510
Utilities	64,687	949,479	3,073	907	1,421,661	2,439,807
Internal charges	663,974	712,036	85,509	37,522	706,228	2,205,269
Administrative fees	105,800	79,350	25,000	674,481	79,350	963,981
Amortization	5,206				2,841	8,047
Depreciation	3,202,655	274,388	6,384	39,296	3,694,535	7,217,258
Insurance				8,752,322		8,752,322
Claims and judgements				5,730,731		5,730,731
Other operating	53,702	9,606	73,902	1,606	262,884	401,700
Total operating expenses	<u>10,074,683</u>	<u>9,047,075</u>	<u>902,043</u>	<u>17,027,666</u>	<u>13,585,553</u>	<u>50,637,020</u>
Operating income (loss)	<u>(1,730,486)</u>	<u>(215,506)</u>	<u>3,173</u>	<u>165,295</u>	<u>(1,531,867)</u>	<u>(3,309,391)</u>
Nonoperating revenues (expenses):						
Interest and fiscal charges	(135,757)				(143,302)	(279,059)
Gain (loss) on sale of capital assets	201,895	15,081	593		2,990	220,559
Interest income	232,224	17,619		481,532	48,003	779,378
Total nonoperating revenues (expenses)	<u>298,362</u>	<u>32,700</u>	<u>593</u>	<u>481,532</u>	<u>(92,309)</u>	<u>720,878</u>
Income (loss) before contributions and transfers	(1,432,124)	(182,806)	3,766	646,827	(1,624,176)	(2,588,513)
Capital contributions	52,546	47,900		5,042	828,365	933,853
Transfers in					1,400,000	1,400,000
Transfers out		(4,750)	(2,704)	(4,233)	(59,523)	(71,210)
Change in net assets	(1,379,578)	(139,656)	1,062	647,636	544,666	(325,870)
Net assets--beginning	<u>11,455,839</u>	<u>1,430,889</u>	<u>435</u>	<u>(8,351,470)</u>	<u>7,588,655</u>	<u>12,124,348</u>
Net assets--ending	<u>\$ 10,076,261</u>	<u>\$ 1,291,233</u>	<u>\$ 1,497</u>	<u>\$ (7,703,834)</u>	<u>\$ 8,133,321</u>	<u>\$ 11,798,478</u>

CITY OF MIAMI BEACH, FLORIDA
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
INCREASE (DECREASE) IN CASH AND INVESTMENTS

For the Fiscal Year Ended September 30, 2008

	Fleet Management Fund	Property Maintenance Fund	Central Services Fund	Self Insurance Fund	Communications Fund	Totals
Cash flows from operating activities:						
Cash received from users	\$ 8,240,408	\$ 8,828,910	\$ 897,898	\$ 16,324,320	\$ 12,065,959	\$ 46,357,495
Cash paid to suppliers	(4,256,157)	(3,572,302)	(404,541)	(9,917,092)	(4,760,833)	(22,910,925)
Cash paid to employees	(1,609,234)	(4,259,065)	(386,184)	(625,111)	(4,540,480)	(11,420,074)
Cash paid for claims and judgements				(4,477,550)		(4,477,550)
Internal charges-payments to other funds	(769,774)	(791,386)	(110,509)	(712,003)	(785,578)	(3,169,250)
Other operating	92,248	67,407		1,227,435	45,950	1,433,040
Net cash provided by (used in) operating activities	<u>1,697,491</u>	<u>273,564</u>	<u>(3,336)</u>	<u>1,819,999</u>	<u>2,025,018</u>	<u>5,812,736</u>
Cash flows for non-capital financing activities:						
Transfers in					1,400,000	1,400,000
Transfers out		(4,750)	(2,704)	(4,233)	(59,523)	(71,210)
Net cash provided by (used in) non-capital financing activities		<u>(4,750)</u>	<u>(2,704)</u>	<u>(4,233)</u>	<u>1,340,477</u>	<u>1,328,790</u>
Cash flows from capital and related financial activities:						
Loan proceeds	7,835,627	209,344			4,626,947	12,671,918
Repayment of loan	(6,663,805)				(5,184,216)	(11,848,021)
Interest and fiscal charges	(103,244)				(104,402)	(207,646)
Purchase of capital assets	(3,852,548)	(172,324)		(87,442)	(3,167,934)	(7,280,248)
Proceeds from sale of capital assets	264,292	15,081	593		7,210	287,176
Net cash used in capital and related financial activities	<u>(2,519,678)</u>	<u>52,101</u>	<u>593</u>	<u>(87,442)</u>	<u>(3,822,395)</u>	<u>(6,376,821)</u>
Cash flows from investing activities:						
Interest on investments	232,224	17,619		481,532	48,003	779,378
Net cash provided by investing activities	<u>232,224</u>	<u>17,619</u>		<u>481,532</u>	<u>48,003</u>	<u>779,378</u>
Net increase (decrease) in cash and investments	(589,963)	338,534	(5,447)	2,209,856	(408,897)	1,544,083
Cash and investments - beginning of year	6,498,711	683,913	37,886	12,269,253	2,980,830	22,470,593
Cash and investments - end of year	<u>\$ 5,908,748</u>	<u>\$ 1,022,447</u>	<u>\$ 32,439</u>	<u>\$ 14,479,109</u>	<u>\$ 2,571,933</u>	<u>\$ 24,014,676</u>
Classified as:						
Cash and investments-current	\$ 5,908,748	\$ 1,022,447	\$ 32,439	\$ 14,479,109	\$ 2,571,933	\$ 24,014,676
Non-cash transactions affecting financial position:						
Capital contributions of capital assets	<u>\$ 52,546</u>	<u>\$ 47,900</u>		<u>\$ 5,042</u>	<u>\$ 828,365</u>	<u>\$ 933,853</u>

(continued)

CITY OF MIAMI BEACH, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES
 For the Fiscal Year Ended September 30, 2008

(continued)

	Fleet Management Fund	Property Maintenance Fund	Central Services Fund	Self Insurance Fund	Communications Fund	Totals
Operating income (loss)	\$ (1,730,486)	\$ (215,506)	\$ 3,173	\$ 165,295	\$ (1,531,867)	\$ (3,309,391)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	3,207,861	274,388	6,384	39,296	3,697,376	7,225,305
Provision for uncollectible accounts		4,543	2,076			6,619
Changes in assets and liabilities:						
(Increase) decrease in inventories	(29,711)	86,062	9,276			65,627
(Increase) decrease in accounts receivable	(120,344)	(23,645)	(11,088)	358,794	13,616	217,333
(Increase) decrease in due from other funds	107,847	80,011	1,694	41,426	44,607	275,585
Increase in due from other governments	956	3,839				4,795
Increase in prepaid expense				53,475		53,475
Increase (decrease) in accounts payable	218,779	138,026	(24,119)	(81,614)	(297,674)	(46,602)
Increase (decrease) in accrued compensated absences	34,936	18,097	13,465	(10,633)	105,107	160,972
Increase in pending insurance claims				741,475		741,475
Increase in insurance claims incurred but not reported				511,706		511,706
Increase (decrease) in accrued expenses	7,653	(92,251)	(4,197)	779	(6,147)	(94,163)
Total adjustments	<u>3,427,977</u>	<u>489,070</u>	<u>(6,509)</u>	<u>1,654,704</u>	<u>3,556,885</u>	<u>9,122,127</u>
Net cash provided by (used in) operating activities	<u>\$ 1,697,491</u>	<u>\$ 273,564</u>	<u>\$ (3,336)</u>	<u>\$ 1,819,999</u>	<u>\$ 2,025,018</u>	<u>\$ 5,812,736</u>

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

September 30, 2008

	Employees' Retirement System	Retirement System for Firefighters and Police Officers	Firemen's Relief and Pension Fund *	Policemen's Relief and Pension Fund	Postemployment Benefits Other Than Pension (OPEB)	Totals
Assets						
Cash and cash equivalents	\$ 2,634,584	\$ 20,000	\$ 682,876	\$ 16,908	\$ 6,901,000	\$ 10,255,368
Accrued interest receivable	552,328	3,079,178	57,472	33,137		3,722,115
Contribution receivable	214,660	171,629	1,705,647			2,091,936
Other receivables	534,223	141,462				675,685
Prepaid insurance				5,396		5,396
Investments, at fair value:						
Short-term investments		14,968,368		33,188		15,001,556
U.S. Government securities	11,537,121	61,697,272	2,498,098	1,879,253		77,611,744
Corporate bonds and notes	22,685,137	140,814,206	1,909,150	1,019,887		166,428,380
Common stocks and index funds	49,641,367	186,689,508	5,226,899	3,093,187		244,650,961
Aggregated bond funds	92,679,493					92,679,493
Aggregated equity funds	184,602,120	64,056,444				248,658,564
Money market funds		7,195,145				7,195,145
Real estate funds		21,391,155				21,391,155
Mutual funds self-directed DROP participants		5,175,487				5,175,487
Total investments	<u>361,145,238</u>	<u>501,987,585</u>	<u>9,634,147</u>	<u>6,025,515</u>		<u>878,792,485</u>
Total assets	<u>365,081,033</u>	<u>505,399,854</u>	<u>12,080,142</u>	<u>6,080,956</u>	<u>6,901,000</u>	<u>895,542,985</u>
Liabilities						
Accounts payable	1,496,237	5,611,023		12,000		7,119,260
Total liabilities	<u>1,496,237</u>	<u>5,611,023</u>		<u>12,000</u>		<u>7,119,260</u>
Net Assets						
Held in trust for pension benefits	<u>\$ 363,584,796</u>	<u>\$ 499,788,831</u>	<u>\$ 12,080,142</u>	<u>\$ 6,068,956</u>	<u>\$ 6,901,000</u>	<u>\$ 888,423,725</u>

* Balance at June 30, 2008

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

For the Fiscal Year Ended September 30, 2008

	Employees' Retirement System	Retirement System for Firefighters and Police Officers	Firemen's Relief and Pension Fund *	Policemen's Relief and Pension Fund	Postemployment Benefits Other Than Pension (OPEB)	Totals
Additions:						
Contributions -						
Employer	\$ 13,911,545	\$ 17,497,496	\$	\$	\$ 6,901,000	\$ 38,310,041
Employee	6,602,403	4,919,201				11,521,604
State of Florida		120,549	1,655,767	486,647		2,262,963
Buybacks/transfers from other systems		658,097				658,097
Other			14	14		28
Total contributions	<u>20,513,948</u>	<u>23,195,343</u>	<u>1,655,781</u>	<u>486,661</u>	<u>6,901,000</u>	<u>52,752,733</u>
Investment income -						
Net increase/(decrease) in fair value of investments	(63,854,232)	(74,282,428)	(38,307)	(724,434)		(138,899,401)
Interest and dividends income	7,136,653	17,726,162	307,616	175,213		25,345,644
Investment management expenses	(56,717,579)	(56,556,266)	269,309	(549,221)		(113,553,757)
Net investment income/(loss)	<u>(57,774,217)</u>	<u>(58,943,570)</u>	<u>237,496</u>	<u>(573,166)</u>		<u>(117,053,457)</u>
Total additions/(reduction)	<u>(37,260,269)</u>	<u>(35,748,227)</u>	<u>1,893,277</u>	<u>(86,505)</u>	<u>6,901,000</u>	<u>(64,300,724)</u>
Deductions:						
Benefit paid	27,336,122	34,912,004	998,125	1,030,809		64,277,060
Contributions refunded	900,303	102,655				1,002,958
Administrative expenses	639,195	641,844	37,068	76,350		1,394,457
Total deductions	<u>28,875,620</u>	<u>35,656,503</u>	<u>1,035,193</u>	<u>1,107,159</u>		<u>66,674,475</u>
Net increase/(decrease)	<u>(66,135,889)</u>	<u>(71,404,730)</u>	<u>858,084</u>	<u>(1,193,664)</u>	<u>6,901,000</u>	<u>(130,975,199)</u>
Net assets held in trust for pension benefits - beginning of year	<u>429,720,685</u>	<u>571,193,561</u>	<u>11,222,058</u>	<u>7,262,620</u>		<u>1,019,398,924</u>
Net assets held in trust for pension benefits - end of year	<u>\$ 363,584,796</u>	<u>\$ 499,788,831</u>	<u>\$ 12,080,142</u>	<u>\$ 6,068,956</u>	<u>\$ 6,901,000</u>	<u>\$ 888,423,725</u>

* For the period ended June 30, 2008

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

For the Fiscal Year Ended September 30, 2008

	<u>September 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>September 30, 2008</u>
<u>Assets</u>				
Cash and investments	\$ 6,582,876	\$ 88,835,399	\$ 86,822,387	\$ 8,595,888
Accounts receivable	<u>199,363</u>	<u>705,306</u>	<u>818,985</u>	<u>85,684</u>
Total Assets	<u>\$ 6,782,239</u>	<u>\$ 89,540,705</u>	<u>\$ 87,641,372</u>	<u>\$ 8,681,572</u>
<u>Liabilities</u>				
Accounts payable	\$ 1,202,429	\$ 83,658,149	\$ 83,665,716	\$ 1,194,862
Deposits	<u>5,579,810</u>	<u>88,857,163</u>	<u>86,950,263</u>	<u>7,486,710</u>
Total Liabilities	<u>\$ 6,782,239</u>	<u>\$ 172,515,312</u>	<u>\$ 170,615,979</u>	<u>\$ 8,681,572</u>

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

September 30, 2008

	Miami Beach Visitor and Convention Authority	Miami Beach Health Facilities Authority	Total
Assets			
Cash and investments	\$ 2,309,220	\$ 293,915	\$ 2,603,135
Accounts receivable	187,282	109,702	296,984
Capital assets, net of accumulated depreciation	37,544		37,544
Total assets	<u>2,534,046</u>	<u>403,617</u>	<u>2,937,663</u>
Liabilities			
Accounts payable	1,500		1,500
Accrued expenses	380,853		380,853
Total liabilities	<u>382,353</u>		<u>382,353</u>
Net Assets			
Invested in capital assets	37,544		37,544
Unrestricted	2,114,149	403,617	2,517,766
Total net assets	<u>\$ 2,151,693</u>	<u>\$ 403,617</u>	<u>\$ 2,555,310</u>

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

For the Fiscal Year Ended September 30, 2008

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>		<u>Totals</u>
		<u>Operating Grants and Contributions</u>	<u>Visitor and Convention Authority</u>	<u>Health Facilities Authority</u>	
Miami Beach Visitor and Convention Authority					
Cultural - grant program	\$ 1,251,463	\$ 35,508	\$ (1,215,955)	\$	\$ (1,215,955)
General administrative	235,875		(235,875)		(235,875)
Total Miami Beach Visitor and Convention Authority	<u>1,487,338</u>	<u>35,508</u>	<u>(1,451,830)</u>		<u>(1,451,830)</u>
Miami Beach Health Facilities Authority					
General administrative	<u>225,765</u>			<u>(225,765)</u>	<u>(225,765)</u>
Total component units	<u>\$ 1,713,103</u>	<u>\$ 35,508</u>			<u>(1,677,595)</u>
General revenues:					
Resort tax allocation			1,496,743		1,496,743
Financing fees				109,702	109,702
Interest			48,057	208	48,265
Total general revenues			<u>1,544,800</u>	<u>109,910</u>	<u>1,654,710</u>
Change in net assets			<u>92,970</u>	<u>(115,855)</u>	<u>(22,885)</u>
Net assets - beginning			<u>2,058,723</u>	<u>519,472</u>	<u>2,578,195</u>
Net assets - ending			<u>\$ 2,151,693</u>	<u>\$ 403,617</u>	<u>\$ 2,555,310</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

CITY OF MIAMI BEACH, FLORIDA
NET ASSETS BY COMPONENT,
LAST SEVEN FISCAL YEARS

(accrual basis of accounting - Unaudited)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Governmental activities							
Invested in capital assets, net of related debt	\$ 94,230,869	\$ 158,422,795	\$ 177,687,648	\$ 158,234,524	\$ 191,314,123	\$ 228,227,002	\$ 286,954,685
Restricted	72,627,548	71,828,095	83,373,860	97,309,826	96,933,608	93,796,180	142,367,431
Unrestricted	48,712,498	9,319,319	4,587,330	4,204,977	54,787,021	103,833,704	84,668,344
Total governmental activities net assets	<u>215,570,915</u>	<u>239,570,209</u>	<u>265,648,838</u>	<u>259,749,327</u>	<u>343,034,752</u>	<u>425,856,886</u>	<u>513,990,460</u>
Business-type activities							
Invested in capital assets, net of related debt	207,522,214	219,819,296	230,924,728	256,118,268	249,458,274	261,687,666	239,922,397
Restricted	100,091,722	102,118,142	118,799,978	12,919,888	28,977,432	28,894,110	21,887,662
Unrestricted	307,613,936	321,937,438	349,724,706	106,422,259	112,344,279	122,077,059	167,223,594
Total business-type activities net assets	<u>307,613,936</u>	<u>321,937,438</u>	<u>349,724,706</u>	<u>375,460,415</u>	<u>390,779,985</u>	<u>412,658,835</u>	<u>429,033,653</u>
Primary government							
Invested in capital assets, net of related debt	301,753,083	378,242,091	408,612,376	414,352,792	440,772,397	489,914,668	526,877,082
Restricted	72,627,548	71,828,095	83,373,860	110,229,714	125,911,040	122,690,290	164,255,093
Unrestricted	148,804,220	111,437,461	123,387,308	110,627,236	167,131,300	225,910,763	251,891,938
Total primary government net assets	<u>\$ 523,184,851</u>	<u>\$ 561,507,647</u>	<u>\$ 615,373,544</u>	<u>\$ 635,209,742</u>	<u>\$ 733,814,737</u>	<u>\$ 838,515,721</u>	<u>\$ 943,024,113</u>

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities:							
General government	\$ 25,829,313	\$ 23,828,047	\$ 28,795,043	\$ 39,320,007	\$ 43,639,010	\$ 48,188,199	\$ 44,608,072
Public safety	84,602,292	91,078,245	100,472,672	110,402,334	121,678,913	133,068,393	149,953,945
Physical environment	2,895,202	2,727,148	2,740,147	4,377,740	4,088,447	2,418,815	1,684,934
Transportation	8,933,603	9,529,725	11,602,611	10,665,897	693,673	10,187,046	9,733,789
Economic environment	8,501,119	7,557,709	4,053,198	6,975,706	232,748	22,006,137	4,293,175
Human services	1,495,853	1,546,396	1,480,826	2,323,536	1,839,731	1,438,987	1,721,151
Culture and recreation	31,672,707	29,579,682	36,733,315	36,736,715	40,288,229	38,301,266	39,430,360
Interest on long-term debt	16,334,853	16,051,074	17,369,780	19,284,911	12,991,581	13,570,730	12,476,916
Total governmental activities expenses	180,264,942	181,698,026	203,247,592	230,086,846	225,452,332	269,179,573	263,902,342
Business-type activities:							
Stormwater	4,020,379	3,968,799	4,891,358	4,665,458	4,353,932	5,421,124	4,980,583
Water	14,939,612	15,615,833	17,266,977	17,672,606	20,974,282	21,124,609	20,930,577
Sewer	25,460,076	24,948,514	23,854,749	25,074,612	23,747,056	25,818,687	26,619,914
Parking	15,172,305	16,739,868	17,459,943	19,147,189	20,378,613	22,826,900	24,612,370
Convention Center	13,469,379	15,615,399	15,022,623	16,885,954	18,139,037	18,365,554	17,788,549
Other	7,270,318	7,756,058	8,855,196	10,620,399	17,005,334	14,324,409	15,860,607
Total business-type activities expenses	80,332,069	84,644,471	87,350,846	94,066,218	104,598,254	107,881,283	110,792,600
Total primary government expenses	260,597,011	266,342,497	290,598,438	324,153,064	330,050,586	377,060,856	374,694,942
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 6,459,266	\$ 13,269,829	\$ 19,463,899	\$ 17,266,876	\$ 19,464,495	\$ 30,405,003	\$ 30,588,011
Public safety	1,360,094	14,471,102	16,299,872	18,255,615	20,452,808	20,074,100	23,485,245
Culture and recreation	1,118,889	3,798,117	4,634,957	5,532,048	5,581,803	5,849,885	5,837,885
Other	26,317,700	9,756,567	6,231,030	5,714,406	65,111	55,028	34,470
Operating grants and contributions	9,526,279	12,003,130	17,874,829	24,260,946	45,381,039	40,520,024	25,591,885
Capital grants and contributions	3,929,445	2,529,706	1,719,812	1,718,649	2,464,239	1,883,176	14,732,625
Total governmental activities program revenue	48,711,673	55,828,451	69,224,399	72,748,540	93,389,495	98,787,216	100,270,121
Business-type activities:							
Charges for services:							
Stormwater	5,230,566	7,622,002	7,833,014	7,872,251	7,415,170	7,357,399	7,109,411
Water	17,749,061	17,925,175	20,210,378	20,014,509	20,131,642	21,653,555	23,080,564
Sewer	25,604,163	26,337,494	25,476,403	28,597,701	27,492,458	25,816,726	28,953,077
Parking	19,187,199	19,599,839	19,688,121	21,107,793	22,118,981	25,063,379	25,626,973
Convention Center	7,557,445	7,067,189	7,544,309	8,330,757	9,486,466	10,167,750	9,044,165
Other	6,861,546	6,115,640	6,386,667	7,449,685	7,465,516	7,956,217	10,038,593
Operating grants and contributions	7,885,883	9,627,672	11,075,929	20,459,284	18,749,928	18,517,953	14,833,004
Capital grants and contributions			15,000,000				
Total business-type activities program revenue	89,875,963	94,294,811	113,214,821	113,831,980	112,860,161	116,532,979	118,685,787
Total primary government program revenue	\$ 138,587,636	\$ 150,123,262	\$ 179,439,220	\$ 186,580,520	\$ 206,249,656	\$ 215,320,195	\$ 218,955,908
Net (Expense)/Revenue							
Governmental activities	\$ (131,553,269)	\$ (125,869,575)	\$ (137,023,193)	\$ (157,338,306)	\$ (132,062,837)	\$ (170,392,357)	\$ (163,632,221)
Business-type activities	9,543,894	9,650,340	25,863,975	19,765,762	8,261,907	8,651,696	7,893,187
Total primary government net expense	\$ (122,009,375)	\$ (116,219,235)	\$ (111,159,218)	\$ (137,572,544)	\$ (123,800,930)	\$ (161,740,661)	\$ (155,739,034)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 63,314,474	\$ 71,191,120	\$ 79,064,889	\$ 89,653,321	\$ 120,679,428	\$ 145,594,729	\$ 131,585,285
Resort taxes	21,021,618	24,002,336	27,406,669	32,112,039	34,265,010	36,595,885	38,100,260
Tax increment	20,731,456	23,705,214	31,351,525	29,814,708	24,934,704	34,521,406	48,964,692
Utility taxes	13,348,286	12,481,722	12,436,407	12,785,676	12,998,955	13,098,395	13,785,849
Local business tax	3,216,121	3,259,541	3,663,374	3,598,803	9,258,301	3,662,796	3,341,802
Miscellaneous	8,919,382	9,965,739	107,920	224,200	169,664	118,640	1,304,665
Unrestricted investment earnings	5,300,943	3,399,593	4,649,415	8,163,573	13,696,366	22,674,807	14,715,094
Gain or (loss) on disposal of capital assets	(213,893)			(25,839,322)		257,928	220,559
Transfers	1,336,584	1,863,604	4,421,623	925,797	(654,166)	(3,310,095)	(252,411)
Total governmental activities	136,974,971	149,868,869	163,101,822	151,438,795	215,348,282	253,214,491	251,765,795
Business-type activities:							
Tax increment							2,357,697
Unrestricted investment earnings	5,581,455	6,536,766	6,344,916	6,895,744	6,403,497	9,930,008	5,871,523
Loss on disposal of capital assets	(6,871)					(12,949)	-
Transfers	(1,336,584)	(1,863,604)	(4,421,623)	(925,797)	654,166	3,310,095	252,411
Total; business-type activities	4,238,000	4,673,162	1,923,293	5,969,947	7,057,663	13,227,154	8,481,631
Total primary government	\$ 141,212,971	\$ 154,542,031	\$ 165,025,115	\$ 157,408,742	\$ 222,405,925	\$ 266,441,645	\$ 260,247,426
Change in Net Assets							
Governmental activities	\$ 5,421,702	\$ 23,999,294	\$ 26,078,629	\$ (5,899,511)	\$ 83,285,425	\$ 82,822,134	\$ 88,133,574
Business-type activities	13,781,894	14,323,502	27,787,268	25,735,709	15,319,570	21,878,850	16,374,818
Total primary government	\$ 19,203,596	\$ 38,322,796	\$ 53,865,897	\$ 19,836,198	\$ 98,604,995	\$ 104,700,984	\$ 104,508,392

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 2,003,527	\$ 2,177,324	\$ 2,837,608	\$ 2,056,937	\$ 2,186,082	\$ 198,934	\$ 610,236	\$ 1,128,937	\$ 1,736,059	\$ 1,845,391
Unreserved	19,319,828	24,508,329	25,092,399	26,889,846	26,982,549	29,457,359	34,647,776	36,688,832	42,406,855	44,645,724
Total general fund	\$ 21,323,355	\$ 26,685,653	\$ 27,930,007	\$ 28,926,783	\$ 29,168,631	\$ 29,656,293	\$ 35,258,012	\$ 37,817,769	\$ 44,142,914	\$ 46,491,115
All Other Governmental Funds										
Reserved	\$ 10,644,232	\$ 11,612,658	\$ 13,014,935	\$ 31,225,271	\$ 33,769,368	\$ 37,170,427	\$ 30,916,933	\$ 32,287,596	\$ 59,563,178	\$ 55,922,849
Unreserved, reported in:										
Special revenue funds	18,431,375	26,421,292	37,550,511	34,138,001	44,483,861	49,884,099	103,530,139	79,958,508	76,668,102	61,423,282
Capital projects fund	46,228,497	69,432,948	77,937,650	49,012,669	92,031,329	81,069,050	76,768,194	138,518,580	143,680,512	170,639,551
Total all other governmental funds	\$ 75,304,104	\$ 107,466,898	\$ 128,503,296	\$ 114,375,941	\$ 170,284,588	\$ 168,123,576	\$ 211,215,266	\$ 250,764,684	\$ 279,921,792	\$ 287,985,662

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 101,249,573	\$ 111,936,040	\$ 121,361,896	\$ 130,306,537	\$ 148,424,948	\$ 156,600,667	\$ 168,843,857	\$ 197,087,924	\$ 239,203,139	\$ 240,892,131
Franchise fees	6,721,850	6,440,426	8,013,954	7,037,263	6,936,623	7,628,488	8,029,982	9,258,301	10,138,123	10,259,817
Permits	8,579,138	8,425,325	9,707,800	9,627,491	10,245,029	12,547,560	13,529,531	16,048,780	16,039,898	15,753,552
Intergovernmental	17,885,646	20,304,581	19,376,691	21,107,828	16,565,469	14,230,951	19,189,288	41,093,126	31,958,565	27,649,446
Charges for services	6,442,465	7,254,522	10,214,631	3,852,911	6,856,702	7,655,072	7,640,117	7,476,404	8,172,727	10,927,789
Rents & leases	940,731	1,272,651	1,395,175	2,111,846	3,960,075	5,544,165	2,948,474	3,190,274	3,985,054	4,380,278
Interest	8,082,323	8,987,845	10,228,765	4,898,871	3,148,635	4,478,892	7,979,609	13,272,632	21,775,230	13,935,715
Fines and forfeitures	1,373,528	1,556,047	1,745,578	3,172,906	2,701,470	2,255,900	2,883,403	2,677,439	1,937,689	3,236,217
Administrative fees	7,572,896	7,572,896	7,672,896	8,143,990	8,143,990	8,862,655	8,951,878	8,426,624	8,507,845	8,407,423
Impact fees	1,805,541	486,766	2,221,758	872,609	2,810,245	1,434,137	1,741,871	2,759,185	6,065,876	5,746,024
Other revenues	5,535,796	6,917,863	4,628,519	7,343,219	7,048,191	6,370,275	7,345,828	6,361,005	6,436,782	7,732,073
Total revenues	166,189,487	181,154,962	196,567,663	198,475,470	216,941,377	227,608,772	249,083,838	307,631,894	354,220,928	348,920,465
Expenditures										
General government	18,428,875	21,954,415	24,220,165	23,347,222	24,825,487	28,139,386	26,144,200	40,892,104	45,043,039	41,599,216
Public safety	64,164,956	67,191,160	73,861,795	80,517,633	89,038,942	97,018,702	108,222,980	119,027,153	130,158,943	145,980,228
Physical environment	1,378,702	1,804,023	2,102,658	1,947,904	2,502,004	1,905,956	2,529,500	2,936,530	2,420,347	1,650,073
Transportation	4,210,852	5,730,066	5,861,028	5,864,166	6,032,825	5,463,443	7,300,382	5,029,124	6,109,025	6,952,067
Economic environment	16,283,449	19,922,509	23,147,260	23,481,387	24,528,718	14,164,911	10,636,429	4,963,596	22,741,500	4,891,342
Human services	1,394,266	1,770,716	1,471,135	1,444,552	1,513,389	1,428,008	2,299,429	1,853,781	1,435,428	1,694,566
Culture and recreation	20,063,650	20,547,893	22,085,930	24,816,696	27,410,140	30,309,135	31,845,348	37,984,917	36,137,323	37,279,978
Capital Outlay	8,831,803	8,420,864	7,949,884	25,237,295	21,982,379	21,825,113	22,776,313	24,312,333	39,871,622	72,996,719
Debt service	12,335,000	13,070,000	45,259,400	12,750,863	15,050,118	13,135,827	13,832,993	13,883,995	12,342,289	12,381,548
Principal	16,304,486	15,627,593	16,143,147	16,315,401	15,916,328	17,469,552	20,036,401	12,314,686	13,371,990	12,314,392
Interest	163,386,079	176,039,239	222,122,452	215,743,109	228,800,330	230,859,033	245,622,978	263,198,219	309,631,506	337,740,129
Total expenditures	2,803,408	5,115,723	(25,554,789)	(17,267,639)	(11,858,953)	(3,250,261)	3,460,860	44,433,475	44,589,422	11,180,336
Excess of revenue over (under) expenditures										
Other Financing Sources (Uses)										
Refunding Bond issued										
Payment to refunding bond escrow agent										
Transfer to escrow agent										
Proceeds of debt issuance		30,000,000	47,240,342	448,005	62,465,000	60,360,472	58,686,788	142,081,583	120,015,032	97,778,854
Proceeds from loan					1,042,000			34,183	24,592	12,127
Sale of assets										
Proceeds from sale of land and building										
Transfers in	35,171,142	36,161,780	71,749,238	44,804,824	60,360,472	58,686,788	66,683,653	142,081,583	120,015,032	97,778,854
Transfers out	(34,234,628)	(35,147,883)	(70,014,879)	(43,398,738)	(55,858,054)	(57,109,847)	(64,155,287)	(144,440,066)	(126,086,793)	(98,559,226)
Total other financing sources (uses)	936,514	31,013,897	48,974,701	1,854,061	68,009,418	1,576,941	45,232,549	(2,324,300)	(9,107,169)	(768,245)
Net change in fund balances	\$ 3,739,922	\$ 36,129,620	\$ 23,419,912	\$ (15,413,578)	\$ 56,150,465	\$ (1,673,320)	\$ 48,693,409	\$ 42,109,175	\$ 35,482,253	\$ 10,412,091
Debt service as a percentage of noncapital expenditures	22.75%	20.66%	40.19%	18.00%	17.61%	17.15%	17.92%	12.32%	10.54%	10.29%

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

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

Source: City of Miami Beach Economic Development Division & Florida Statistical Abstract.

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

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

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

Fiscal Year Ended September 30,	City of Miami Beach Direct Rates			Overlapping Rates ^A			Total
	Operating Millage	Debt Service Millage	Total Direct Millage	School District Millage	County Millage	State Millage	
1999	7.499	1.484	8.983	10.160	7.194	0.744	27.081
2000	7.499	1.199	8.698	9.644	6.946	0.741	26.029
2001	7.399	1.156	8.555	9.617	6.754	0.738	25.664
2002	7.299	1.077	8.376	9.376	6.716	0.736	25.204
2003	7.299	1.023	8.322	9.252	6.765	0.736	25.075
2004	7.299	0.874	8.173	9.100	7.240	0.736	25.249
2005	7.425	0.748	8.173	8.687	7.150	0.736	24.746
2006	7.481	0.592	8.073	8.438	7.035	0.736	24.281
2007	7.374	0.299	7.673	8.105	6.808	0.736	23.322
2008	5.656	0.242	5.898	7.948	5.671	0.659	20.175

Source: Miami-Dade County, Florida; Department of Property Appraisal
2007 Millage Table

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

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

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

	2008		1998		
Taxpayer	Taxable Assessed Value	Percentage of The City's Certified Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of The City's Certified Taxable Assessed Value
MB Redev. Inc./Loves Hotel	\$ 266,000,000	0.99 %	Hotele Rama Assoc., Ltd.	\$ 88,051,861	1.36 %
MCZ/ Centrum Flamingo III	156,000,000	0.58	Morton Towers Apts. LP	44,750,000	0.69
DiLido Beach Hotel Corp.	122,100,000	0.45	Roney Plaza Associates, Ltd.	37,273,000	0.58
Micheal S. Angell Tr/Fountainbleau	119,333,065	0.44	South Beach Ocean Parcel Ltd.	36,610,430	0.57
MCZ/ Centrum Flamingo II	84,000,000	0.31	Gumenick Family Inv. No. 1 Ltd.	36,400,000	0.56
Sandy Lane Residential	79,519,415	0.30	IHC/Miami Beach Corp.	31,973,391	0.49
Phillips S Beach LTD/Shore Club	70,920,159	0.26	National Omni Associates LP	29,500,000	0.46
Royal Palm Hotel Prop LLC	67,477,567	0.25	Tri-County Comm Hospital, Inc.	26,350,000	0.41
City National Bank of Florida	62,482,361	0.23	Menada, Inc	25,800,000	0.40
South Gate Apartments	53,109,210	0.20	Eden Roc Acquisition LP	24,000,000	0.37
	<u>\$ 1,080,941,777</u>	<u>4.01 %</u>		<u>\$ 380,708,682</u>	<u>5.89 %</u>

Source: 2008 and 1998 Miami-Dade County, Florida Ad Valorem Assessment Roll for the City of Miami Beach.

Note:

Total taxable value for tax year 2008 (fiscal year 2007) is \$26,850,061,663.
Total taxable value for tax year 1999 (fiscal year 1998) is \$6,463,734,814.

**CITY OF MIAMI BEACH, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS,
FISCAL YEARS 1998 THRU 2007**

Tax Year (1)	Total Tax Levy	Collected within the Fiscal Year of the Levy		Percentage of Levy	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy			Amount	Percentage of Levy
1998	\$ 59,543,025	\$ 60,611,944	(2)	101.8 %	N/A	\$ 60,707,288	102.0 %
1999	63,294,354	64,235,654	(2)	101.5	N/A	64,462,487	101.8
2000	67,851,578	68,603,879	(2)	101.1	N/A	71,635,745	105.6
2001	74,551,384	75,205,177	(2)	100.9	N/A	80,330,981	107.8
2002	83,590,412	80,460,485		96.3	2,093,071	82,553,556	98.8
2003	93,492,337	90,447,232		96.7	1,756,073	92,203,305	98.6
2004	109,298,076	107,543,916		98.4	2,710,743	110,254,659	100.9
2005	133,573,759	131,074,911		98.1	878,995	131,953,906	98.8
2006	164,807,822	161,325,469		97.9	3,752,718	165,078,187	100.2
2007	146,418,406	146,076,252		99.8		146,076,252	99.8

Source: City of Miami Beach Certification of Taxable Value.

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

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

N/A - Information not available

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

Fiscal Year	Governmental Activities										Total Governmental Activities		
	General Obligation Bonds	Resort Tax Revenue Bonds	Gulf Breeze Government Loan Program	Sunshine State Loan Program	Pension Obligation Bonds	Redevelopment Agency Tax Increment Revenue Bonds	Loans Payable ^A	Other Obligations ^B	Percentage of Personal Income	Per Capita			
1999	\$ 34,725	\$ 3,860	\$ 18,615	\$ 24,240	\$ 51,565	\$ 108,360	\$	\$ 3,941	\$	\$ 245,306			
2000	57,535	3,775	17,915	22,970	50,085	136,525		3,611		292,416			
2001	50,985	3,685	47,145	6,678	48,485	103,510		3,281		263,769			
2002	43,810	3,590	39,002	6,265	46,765	100,830	1,125	3,317		244,704			
2003	98,990	3,495	37,196	5,835	44,905	97,960	940	3,655		292,976			
2004	93,475	3,395	35,316	5,390	43,525	94,890	11,629	2,909		290,529			
2005	87,500	3,290	33,357	4,930	53,030	97,300	12,295	4,089		295,791			
2006	81,440	3,180	31,320	4,455	50,650	95,300	12,905	3,266		282,516			
2007	78,620	F	29,185	3,965	48,175	91,645	10,617	2,619		264,826			
2008	76,085		30,417	3,455	45,590	87,785	11,559	1,951		256,842			
							Total						
Fiscal Year	Business-type activities										Total Business Activities	Percentage of Personal Income	Per Capita
	Storm Water Revenue Bonds ^C	Water and Sewer Revenue Bonds	Parking Revenue Bonds/Loan	Loan Payable ^A	Capital Leases ^D	Total Primary Government	Total Business Activities	Total Primary Government	Percentage of Personal Income	Per Capita			
1999	\$	\$ 51,280	\$ 29,320	\$	\$	\$ 80,600	\$	325,906	g	\$ 3.49			
2000		103,425	28,585		2,357	134,367		426,783	g	4.54			
2001	52,170	101,160	27,820		1,866	183,016		446,785	g	5.08			
2002	50,712	97,455	34,396	883	1,320	184,766		429,470	17.95 %	4.87			
2003	49,864	95,055	33,166	751	795	179,631		472,607	19.05 %	5.31			
2004	48,976	95,531	31,879	622	240	177,248		467,777	17.27 %	5.15			
2005	48,049	89,876	30,537	561		169,023		464,814	15.86 %	5.08			
2006	47,076	113,839	29,132	495		190,542		473,058	g	5.06			
2007	46,130	110,610	27,769	345		184,854		449,680	g	4.88			
2008	45,075	107,154	26,241	1,035		179,505		436,347	g	4.66			

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
Note: Business-type activities outstanding debt is presented net of discount/premium.

- A Loan began in fiscal year 2002
- B Other obligation began in fiscal year 1999
- C Bond was issued in fiscal year 2000
- D Lease started in fiscal year 2000 and ended in fiscal year 2004
- E New debt issued during fiscal year 2006
- F Outstanding bond principal in the amount of \$3,060,000 was defeased during fiscal year 2007
- G Data not available

CITY OF MIAMI BEACH
RATIOS OF GENERAL BONDED DEBT OUTSTANDING,
FISCAL YEARS 1999 THRU 2008
(in thousands of dollars)

Fiscal Year	General Obligation Bonds	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property ^A	Per Capita
1999	\$ 34,725	\$ 6,868,821	0.51 %	\$ 0.37
2000	57,535	7,540,814	0.76	0.61
2001	50,985	8,218,880	0.62	0.58
2002	43,810	9,223,414	0.47	0.50
2003	98,990	10,408,818	0.95	1.11
2004	93,475	11,854,062	0.79	1.03
2005	87,500	13,858,100	0.63	0.96
2006	81,440	17,231,010	0.47	0.87
2007	78,620	22,257,958	0.35	0.85
2008	76,085	26,136,109	0.34	0.81

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value.

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

CITY OF MIAMI BEACH, FLORIDA

LEGAL DEBT MARGIN INFORMATION,

LAST TEN FISCAL YEARS

	Fiscal Year				
	1999	2000	2001	2002	2003
Debt limit	\$ 1,131,122,196	\$ 1,131,122,196	\$ 1,232,832,050	\$ 1,383,512,145	\$ 1,561,322,746
Total net debt applicable to limit	757,807	757,807	1,256,416	30,975,211	87,161,948
Legal Debt margin	\$ 1,130,364,389	\$ 1,130,364,389	\$ 1,231,575,634	\$ 1,352,536,934	\$ 1,474,160,798

Total net debt applicable to the limit as a percentage of debt limit 0.07% 0.07% 0.10% 2.24% 5.58%

	Fiscal Year				
	2004	2005	2006	2007	2008
Debt limit	\$ 1,778,109,377	\$ 2,078,715,000	\$ 2,584,651,615	\$ 3,338,693,748	\$ 3,920,416,339
Total net debt applicable to limit	82,062,643	86,269,623	80,348,515	77,595,559	75,105,405
Legal Debt margin	\$ 1,696,046,734	\$ 1,992,445,377	\$ 2,504,303,100	\$ 3,261,098,189	\$ 3,845,310,934

Total net debt applicable to the limit as a percentage of debt limit 4.62% 4.15% 3.11% 2.32% 1.92%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ 26,136,109,259
Debt limit (15% of assessed value)	3,920,416,389
Debt applicable to limit:	
General obligation bonds	76,085,000
Less: Amount set aside for repayment of general obligation debt	979,595
Total net debt applicable to limit	75,105,405
Legal debt margin	\$ 3,845,310,984

**CITY OF MIAMI BEACH, FLORIDA
REVENUE BOND COVERAGE,
FISCAL YEARS 1999 THRU 2008**

Fiscal Year	Revenue	Less:		Debt Service		Coverage
		Operating Expenses	Net available Revenue	Principal	Interest	
Parking Revenue Bonds						
1999	15,953,438	7,106,842	8,846,596	710,000	1,469,106	4.06
2000	17,945,290	7,727,607	10,217,683	735,000	1,442,026	4.69
2001	22,208,213	7,660,378	14,547,835	765,000	1,412,526	6.68
2002	22,848,169	9,793,404	13,054,765	800,000	1,380,962	5.99
2003	23,342,582	11,161,339	12,181,243	1,268,988	1,681,861	4.13
2004	24,572,613	11,453,816	13,118,797	1,325,314	1,645,286	4.42
2005	29,449,732	14,191,842	15,257,890	1,380,268	1,586,530	5.14
2006	26,059,130	15,441,789	10,617,341	1,443,400	1,524,259	3.58
2007	31,570,712	17,740,936	13,829,776	1,510,176	1,458,821	4.66
2008	31,416,685	19,612,035	11,804,650	1,576,944	1,390,054	3.98

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

Water & Sewer Revenue Bonds						
1999	45,072,346	31,672,252	13,400,094	2,070,000	2,761,056	2.77
2000	44,431,818	32,447,646	11,984,172	2,165,000	2,667,906	2.48
2001	48,275,631	31,758,568	16,517,063	2,265,000	5,652,704	2.09
2002	47,321,117	33,537,736	13,783,381	2,370,000	5,416,700	1.77
2003	47,969,148	32,658,124	15,311,024	2,480,000	5,304,122	1.97
2004	48,726,532	32,783,429	15,943,103	2,605,000	5,183,223	2.05
2005	54,104,716	35,626,830	18,477,886	2,735,000	5,052,972	2.37
2006	50,313,742	35,398,721	14,915,021	A	4,148,258	3.60
2007	51,181,355	36,816,705	14,364,650	3,285,000	5,466,855	1.64
2008	54,366,038	37,618,570	16,747,468	3,480,000	5,331,556	1.90

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

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

Stormwater Revenue Bonds						
2002	7,741,767	1,299,834	6,441,933	835,000	2,736,421	1.80
2003	10,471,043	1,329,855	9,141,188	870,000	2,698,846	2.56
2004	10,750,958	1,794,927	8,956,031	910,000	2,659,696	2.51
2005	10,966,650	2,251,214	8,715,436	950,000	2,618,747	2.44
2006	9,583,080	1,967,624	7,615,456	995,000	2,575,997	2.13
2007	10,248,168	2,457,949	7,790,219	1,040,000	2,531,221	2.18
2008	8,493,071	3,189,531	5,303,540	1,085,000	2,484,422	1.49

Note: Stormwater bonds were issued during fiscal year 2001.

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

Redevelopment Agency Tax Increment Revenue Bonds						
1999	23,445,553	500,000	22,945,553	1,050,000	7,134,197	2.80
2000	29,682,812	500,000	29,182,812	1,825,000	7,249,124	3.22
2001	32,505,683	500,000	32,005,683	1,940,000	7,136,216	3.53
2002	31,945,482	500,000	31,445,482	2,065,000	7,014,235	3.46
2003	36,861,453	500,000	36,361,453	2,195,000	6,882,689	4.01
2004	42,920,951	500,000	42,420,951	2,335,000	6,741,490	4.67
2005	48,671,776	500,000	48,171,776	2,485,000	6,590,163	5.31
2006	58,902,508	500,000	58,402,508	2,000,000	3,686,227	10.27
2007	67,755,835	500,000	67,255,835	3,655,000	4,704,013	8.05
2008	70,596,698	500,000	70,096,698	4,045,000	4,329,697	8.37

Note: Revenue includes tax increment and resort tax pledged revenues of \$38,100,260 in fiscal year 2008. Operating expenditure is limited to \$500,000.

**CITY OF MIAMI BEACH, FLORIDA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
SEPTEMBER 30, 2008**

DIRECT DEBT		
General obligation indebtedness		
Public improvement bonds (net of amount available)		\$ 75,105,405
Non-self-supporting indebtedness: (1)		
Gulf Breeze Government Loan Program	26,962,052	
Sunshine State Loan Program	3,455,000	
Pension Obligation Bonds	45,590,000	
Tax Increment Revenue Bonds	87,785,000	
	<u>163,792,052</u>	
Less: Reserve funds	6,811,240	
Total non-self-supporting indebtedness		<u>156,980,812</u>
Total direct indebtedness		<u>232,086,217</u>
OVERLAPPING DEBT (2)		
Miami-Dade County		
Total general obligation indebtedness	523,596,000	
Percent applicable to City - 10.9316% (3)		57,237,420
Total school district obligation indebtedness	479,440,000	
Percent applicable to City - 10.9316% (3)		52,410,463
Total net non-self-supporting indebtedness	1,685,945,694	
Percent applicable to City - 10.9316% (3)		<u>181,966,816</u>
Total overlapping debt		<u>291,614,699</u>
TOTAL DIRECT AND OVERLAPPING DEBT		\$ <u>523,700,916</u>

- (1) Excludes self-supporting debt obligations.
(2) All debt listed as Overlapping Debt is secured either solely from a tax source or from a combination of self-supporting revenues and a tax source.
(3) Based upon 2007 assessed valuation figures for the City and Dade County.

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

Miami-Dade County

Fiscal Year	Miami Beach Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Auto Tags	Bank Deposits (Thousands)	Public School Enrollment	Unemployment Rate
1998	93,464	\$	^A \$ 23,216	2,401,647	\$ 36,230	337,103	6.5 %
1999	94,012		^A 24,050	2,392,339	39,633	343,653	5.8
2000	87,933		^A 25,626	2,420,074	40,543	350,920	5.3
2001	88,158	60,402	26,414	2,533,220	45,064	359,313	6.9
2002	88,972	62,665	27,147	1,916,980	51,297	366,287	7.7
2003	90,846	64,631	27,891	2,008,064	56,264	365,829	7.8
2004	91,540	68,583	29,817	2,094,012	9,296,694	422,401	4.7
2005	93,535	75,464	32,025	2,094,012	11,179,546	427,449	3.7
2006	92,145	80,112	33,712	2,183,782	12,819,002	428,229	3.3
2007	93,721		^A	2,187,394	12,440,928	431,184	3.1

Source: Florida Statistical Abstract, 2008

^A Data not available

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

Ten Largest Public Employers					
<u>Employer</u>	2008			1998	
	<u>Employees</u>	<u>Rank</u>	Percentage of Total County Employment	<u>Employees</u>	<u>Rank</u>
Miami-Dade County Public Schools	54,861	1	5.36 %	32,789	1
Miami-Dade County	33,653	2	3.29	20,000	2
Federal Government	20,400	3	1.99	17,600	4
Florida State Government	17,000	4	1.66	17,700	3
Jackson Memorial Hospital	11,875	5	1.16	7,216	5
Florida International University	8,500	6	0.83	2,059	10
Miami-Dade College	5,865	7	0.57	5,700	6
City of Miami	4,600	8	0.45	3,189	7
City of North Miami Beach	3,878	9	0.38	2,610	9
Miami VA Healthcare System	2,310	10	0.23	2,400	8

Ten Largest Private Employers					
<u>Employer</u>	2008			1998	
	<u>Employees</u>	<u>Rank</u>	Percentage of Total County Employment	<u>Employees</u>	<u>Rank</u>
University of Miami	12,765	1	1.11 %	7,574	2
Publix Supermarkets	11,760	2	1.03	3,275	6
Baptist Health South	11,615	3	1.01	5,285	3
American Airlines	9,000	4	0.79	9,304	1
Winn- Dixie Stores	8,000	5	0.70	2,672	10
United Parcel Service	5,144	6	0.45		
Precision Response Corporation	5,000	7	0.44	3,000	9
The Home Depot	4,500	8	0.39		
Bellsouth/AT&T	4,100	9	0.36	5,200	4
Florida Power & Light Company	3,952	10	0.34	3,745	5
Kmart				3,000	7
Mount Sinai Health Center				3,000	8

Source: Employer and employees information provided by the Beacon Council. Percentage of total County employment was calculated based on total County employment of 1,146,027 as presented in the 2008 Florida Statistical Abstract.

**CITY OF MIAMI BEACH
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND NINE YEARS AGO (Note)**

2008		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Mt. Sinai/ Miami Heart	3,052	6.15 %
City of Miami Beach	1,953	3.94
Loews Miami Beach Hotel	942	1.90
Delano Hotel	478	0.96
Joe's Stone Crab	355	0.72
Wyndham Miami Beach Resort	340	0.69
LNR Property Corp	320	0.65
Shore Club	289	0.58
Mango's Tropical Café	230	0.46
Marriot South Beach	148	0.30
Rui Florida Beach Resort	120	0.24
	<u>8,227</u>	<u>16.59 %</u>

Note: Data from nine years ago was not available at the time of printing.

Source: City of Miami Beach Economic Development, percentage of total City employment was calculated based on total City employment of 49,607 for 2007 as presented in the City's 2008/2009 Budget.

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

Function/Program	Full-time Equivalent Employees as of September 30						
	2002	2003	2004	2005	2006	2007	2008
General government:							
Mayor and commission	21	20	20	20	20	20	19
City manager	14	14	13	13	13	13	11
Office of communications	2	2	2	2	8	9	8
Budget and performance improvement	19	18	18	20	20	21	19
Finance	43	43	43	43	45	46	39
Information technology	37	37	40	41	44	46	43
Human resources	19	18	16	17	17	18	16
Labor relations		2	2	2	2	3	3
Risk Management	7	6	6	6	6	6	6
City clerk	20	20	19	19	17	17	16
Procurement	10	10	9	9	9	10	10
City attorney	24	24	22	22	22	22	22
Economic Development and Cultural Arts:							
Economic development	9	9	8	8	7	7	6
Building ^A	56	56	63	63	71	79	79
Planning	26	26	26	26	28	29	29
Tourism & cultural development	11	11	12	13	14	13	12
Bass museum	10	9	8	8	8	8	8
Operations:							
Neighborhood services	65	68	63	63	65	67	60
Parks & recreation ^B	220	231	186	187	195	205	198
Public works	56	57	55	185	192	193	180
Sanitation	109	123	103	114	148	179	177
Property management	73	66	65	66	71	71	69
Capital improvement projects	24	24	24	27	31	31	31
Parking	107	109	106	108	111	116	120
Sewer	43	43	40	41	42	42	41
Stormwater	19	22	23	23	25	25	26
Water	72	72	71	69	69	69	63
Fleet management	28	28	25	24	24	24	23
Public safety:							
Police - Officers	381	366	382	385	386	403	396
Police - Civilians	165	155	146	153	164	166	148
Fire - Officers	201	205	205	207	208	207	206
Fire - Civilians	17	18	18	17	23	21	23
Ocean rescue ^B			77	68	68	76	76
Total	1,908	1,912	1,916	2,067	2,171	2,262	2,183

Source: City of Miami Beach Budget Department

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

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

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

Function/Program	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General government:						
Mayor and commission						
Ordinances approved	55	35	40	36	43	46
Resolutions approved	328	268	268	322	296	251
City manager						
Responses to resident inquiries/complaints	680	650	650	612	692	540
Office of communications						
Answer Center calls	33,600	55,733	50,295	65,559	69,588	N/A
Service Requested	7,852	9,407	11,814	13,050	6,649	N/A
Completed Service Request	7,258	9,243	N/A	12,750	6,646	N/A
Interactive Use of City Website	N/A	35,549	53,527	95,936	96,460	N/A
Budget and performance improvement						
Audits performed	367	317	258	254	266	242
Grants awarded	\$ 2,529,270	\$ 1,800,000	\$ 1,186,464	\$ 3,410,086	\$ 2,065,480	\$ 2,483,516
Finance						
Utility customer accounts	10,000	10,500	10,500	10,500	10,059	10,043
Licenses issued	6,500	6,600	6,500	7,330	8,000	7,541
Lien statements	3,300	3,150	3,400	3,850	3,942	2,415
Annual resort tax accounts	1,300	1,352	1,375	1,127	1,119	1,054
Human resources						
Employees	1,834	1,845	1,900	1,879	1,870	1,926
Hires	260	364	328	363	314	195
Building						
Building and trade permits processed/issued	20,128	19,093	17,940	18,348	13,943	11,904
Certificates	788	726	780	622	736	337
Tourism & cultural development						
Film & print and special events permits	1,566	1,700	1,583	1,280	1,563	1,232
Bass Museum Visitors	22,000	50,000	36,749	19,211	25,210	30,071
Convention Center/Theater Events	299	240	518	661	859	613
Operations:						
Parks & recreation						
Summer Camp	2,819	2,114	2,241	2,515	2,587	2,317
After and Play School Participants	3,371	2,650	2,410	2,400	882	2,810
Athletics	1,018	940	1,020	1,253	1,442	2,835
Pool Attendance	65,437	66,000	79,135	119,800	161,176	145,337
Golf course patrons	30,655	37,152	42,923	44,252	44,078	42,850
Engineering						
Right-of-Way permits issued	890	1,100	900	N/A	1,092	899
Utility permits issued	370	410	400	N/A	N/A	231
Sanitation						
Mobile street sweeping (annual mileage)	56,940	56,940	56,940	56,940	56,940	N/A
Litter Cans	1,316	2,000	2,050	2,095	2,335	N/A
Sewer						
Cleaning and inspection of sewer lines	710,000	100,000	800,000	1,217,202	1,182,000	703,294
Stormwater						
Storm sewers cleaned	140,000	140,000	140,000	233,000	88,000	59,000
Deteriorated storm sewers replaced	275	275	200	80	15	640
Water						
New-metered service taps and installations	700	600	550	196	113	400
Water Meter readings (monthly average)	15,800	14,300	12,400	14,300	15,525	14,167
Streets & Streetlighting						
Asphalt restoration (potholes)	3,000	3,000	3,000	2,700	1,202	71
Roads and alleys repaved (linear feet)	16,000	8,000	12,000	7,000	11,100	36,000
Sidewalk replaced (square feet)	30,000	40,000	30,000	38,000	63,000	44,000
Curb and gutter replaced (linear feet)	1,000	3,000	2,000	1,200	9,000	2,400
Fleet Management						
Fuel consumed - diesel and unleaded (gallons)	802,306	810,000	825,000	777,827	820,913	866,571
Preventive maintenance jobs	2,642	2,868	2,876	2,699	2,932	2,911
Police						
Total number of arrests	9,684	10,290	10,185	12,887	14,954	13,804
Traffic Violations	25,742	44,174	45,524	58,615	52,976	49,389
Parking Violations	7,773	26,763	33,497	27,465	12,546	20,387
Fire						
Emergency responses	13,406	13,000	14,700	13,532	16,794	N/A
Inspections	1,800	2,925	3,710	3,956	3,000	N/A
Ocean rescue - victims rescued	895	900	281	313	680	506

N/A - Information not available

Source: Various City of Miami Beach departments.

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

Function/Program	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Police							
Stations	1	1	1	1	1	1	1
Zone offices	3	3	4	4	4	4	4
Patrol units	340	415	440	440	440	440	440
Fire stations	4	4	4	4	4	4	4
Water							
Water mains (miles)	180	180	180	180	180	180	180
Water valves	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Fire hydrants	1,003	1,003	1,006	1,006	1,009	1,009	1,009
Fire lines	700	708	710	712	717	717	717
Meters	12,557	12,300	12,350	12,424	12,460	12,460	12,460
Water pumping stations	5	5	5	5	5	5	5
Storage capacity (thousands of gallons)	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Stormwater							
Stormwater pipes (miles)	59	59	59	59	59	59	59
Drainage basins	172	172	172	172	172	172	172
Stormwater catch basins	6,000	6,000	6,000	6,000	5,000	6,000	6,000
Manholes	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Sewer							
Sanitary gravity sewer pipes (miles)	144	144	144	144	152	152	152
Force main pipes (miles)	21	21	21	21	21	21	21
Manholes	2,750	2,750	2,750	2,750	2,750	2,750	2,161
Wastewater pump stations	23	23	23	23	23	23	23
Other public works							
Streets (miles)	140	140	140	140	140	140	140
Sidewalks (miles)	242	242	242	242	242	242	242
Curb and gutter (miles)	200	200	200	200	200	200	200
Alleys (miles)	33	33	33	33	33	33	33
Seawalls (linear feet)	7,300	7,300	7,300	7,300	7,300	7,300	7,300
Streetlights	5,800	5,810	5,817	5,850	5,850	5,850	6,893
Street lights cable (miles)	250	251	252	260	265	265	263
Parking							
Parking Lots & Garages	66	66	68	68	68	68	68
Parking Spaces	8,451	8,451	8,496	8,496	8,333	8,300	8,404
Parks and recreation							
Recreational open space (acres)	727	727	727	727	727	727	727
Playground tot-lots	14	14	14	14	14	15	15
Stadiums	2	2	2	2	2	2	2
Sports fields	7	7	7	7	7	7	7
Tennis sites	6	6	6	6	6	6	6
Basketball court sites	9	9	9	9	15	15	15
Ice Rink	1	1	1	1	1	1	1
Pools	3	3	3	3	3	3	3
Youth/Community centers	3	3	3	3	3	3	3
Bark parks	2	2	2	2	2	3	3
Parks - passive and staffed	28	28	28	37	25	26	26
Municipal regulation golf courses	2	2	2	2	2	2	2
Trucks, off-road, and other vehicles	63	65	67	67	84	93	98
Sanitation							
Sweepers	12	12	16	17	21	13	9
Front end loader	1	1	1	1	2	3	3
Trucks, Vans, and other vehicles	22	22	31	32	60	81	74
Pressure washers			5	8	10	11	9
Transit-minibuses	11	10	10	10	4	4	4

Source: Various City of Miami Beach departments.



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