

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2007

CITY OF MIAMI BEACH, FLORIDA



# MIAMI BEACH

**City of Miami Beach, Florida**

**COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2007**

**Jorge M. Gonzalez**  
City Manager

**Patricia D. Walker**  
Chief Financial Officer

Report prepared by: Finance Department

Cover picture  
Sunrise over Miami Beach, Florida

**City of Miami Beach, Florida  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2007**

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# INTRODUCTORY SECTION



# MIAMIBEACH

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

March 28, 2008

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, 2007.

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 accounting firm of McGladrey & Pullen, LLP was recommended by the City Manager, following a review by an appointed evaluation committee, and 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, 2007, 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 \$850 million retail marketplace. This spending generated more than \$3.6 billion in total output into the local economy, and over \$1.2 billion in earnings. This past year, the City's hotels hosted over 5 million visitors, and almost 8 million tourists visited South Beach and the Art Deco Historic district. Additionally, the City remains a regional resource, with approximately 7-9 million day-trips by residents of the surrounding area, making the City one of the most popular attractions in Florida.

Moreover, the overall economy of the City was stable, with a preliminary gross City product of \$7.8 billion in 2007. During the period from 2002-2007, not only was there significant job creation which increased from 36,432 to 49,231, or 35%, but the City's Prosperity Index, which is wage growth compared to job growth, was also positive with an average increase of 39% or from \$27,830 to \$38,622 during the same period.

In recent years, the City has diversified beyond its traditional tourism based economy to become a multifaceted center for information, real estate, health care, and culture. In 2007, the world's most prestigious art fair, based in Basel, Switzerland, held its fifth Miami Beach exhibition, with attendance and sales exceeding expectations. Additionally, the City and the New World Symphony have entered into a partnership through which the Symphony proposed to develop a new 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. The Arts, Culture, and Recreation industry has grown from 1,045 jobs in 2002 to almost 3,100 in 2007, and Information grew from 1,278 to 1,648 during the same time period.

Construction activity accounted for \$795 million in 2007. Retail tenants continue to open locations and expand in the City, joining established operations such as Armani Exchange, Kenneth Cole, Office Depot, Diesel, and Nichole Miller. New retailers include Apple and True Religion, in addition to an \$8 million renovation by Macy's. Ground was broken in 2007 on Fifth and Alton, a vertical retail center with 180,000 square feet of retail space and 1,100 parking spaces. Tenants will include Publix, Best Buy, and Staples. Class A office space in prime locations continues to be absorbed with a vacancy rate less than 7%. The office market is anchored by LNR Property Corporation, the City's largest corporate tenant.

The entertainment industry continues as an important part of the City's economy. The production sector spends more than \$70 million a year in the City for the production of movies and fashion campaigns, and many international talent and model agencies have locations 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 and Warner Music International. 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 provide a strong base to 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 although volume declined from the record, but unsustainable 2004-2005 levels. The median sale price of a house through the first three quarters of 2007 was \$1,150,000, up from \$1,095,000 in 2006. The median sales price of a condominium for the same period was \$348,000, up from \$334,000 in 2006. 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. Interest in investment opportunities in the North Beach neighborhood continued throughout 2007.

**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.

Amendment 1 becomes effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which becomes 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, 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 2007-2011 five year Capital Improvement Plan, covering the period from October 1, 2006 through September 30, 2011, has earmarked funding in an estimated \$715 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 nine straight years achieved a reduction in its General Obligation Debt Service Millage to the current rate of 0.299 mills for fiscal year 2007. 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 five years:

- \$62 million of General Obligation Bonds (for improvements to neighborhoods, parks and public safety),
- \$15 million Golf Course Loan, and
- \$16 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, 2007, the general obligation bonded debt of the City totaling \$78.6 million was well below the legal limit of \$3.34 billion, and debt per capita equaled \$853.

**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 4.95%. The pension trust funds had a yield rate gain of 14.9% 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 \$11.5 million available for losses.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2006. This was the twentieth (20) 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, 2006. 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, 2006

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.



*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director



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

**September 30, 2007**

**City Commission**

David Dermer, Mayor

Matti Herrera Bower, Vice-Mayor

Simon Cruz, Commissioner  
Michael Gongora Jr., Commissioner  
Saul Gross, Commissioner  
Jerry Libbin, Commissioner  
Richard L. Steinberg, Commissioner

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**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, 2007, 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 88% and 66%, of the assets and revenues/additions, respectively, of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Plans, is based solely on the report 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 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, 2007, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 28, 2008 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 on pages 11 through 27, the schedules of funding progress – Retirement Systems, on page 81 and the budgetary comparison information for the general fund, resort tax revenue fund, and Miami Beach Redevelopment Agency fund on pages 82 through 84 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 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 in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McGladrey & Pullen, LLP*

Miami-Dade County, Florida  
March 28, 2008

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

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Our discussion and analysis of the City of Miami Beach's (the "City") financial performance provides an overview of the City's financial activities for the year ended September 30, 2007. We encourage readers to consider the information presented herein 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, 2007 by \$838.5 million (net assets). Of this amount, \$489.9 million was invested in capital assets, net of related debt. Additionally, \$122.7 million was restricted by laws, agreements, or debt covenants. The City has unrestricted net assets of \$225.9 million.
- During fiscal year 2007, the City's net assets increased by \$104.7 million. Of this increase, \$82.8 million was in governmental activities and the remaining increase of \$21.9 million in business-type activities. Revenues from charges for services increased \$5.2 million or 10.2%, operating grants and contributions decreased \$4.8 million or 10.5%, capital grants and contributions decreased \$.6 million or 23.6% and general revenues increased \$45.8 million or 21.8%. Expenses also increased \$43.7 million or 19.4%.
- The City's assets increased by \$91.6 million or 7.1%. The increase is mainly attributed to an increase in cash and investments of \$32.1 or 6% and an increase in capital assets, net of accumulated depreciation of \$63.6 million or 9.0%.
- The City's total liabilities decreased by \$13.1 million or 2.4% during the year. Long term liabilities decreased by \$19.4 million or 3.7 %, while short term liabilities increased by 6.3 million or 17.8%
- At September 30, 2007 unreserved fund balance in the City's governmental fund was \$262.8 million. This includes the general fund, with an unreserved fund balance of \$42.4 million. Revenues for the governmental funds were \$357.5 million, expenditures were \$309.6 million and net other financing uses were \$9.1 million. The general fund accounted for \$230.8 million of the revenues, \$207.9 million of the expenditures and \$16.6 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).

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

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Both the statement of net assets and the statement of activities of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their cost through user fees and charges. The governmental activities of the City includes 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

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

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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 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:

<b>CITY OF MIAMI BEACH</b>						
<b>Net Assets</b>						
<b>(in thousands)</b>						
	Governmental activities		Business-type activities		Total	
	2006	2007	2006	2007	2006	2007
Current and other assets	\$ 333,927	\$ 374,323	\$ 244,900	\$ 232,465	\$ 578,827	\$ 606,788
Capital assets	349,401	380,963	358,841	390,919	708,242	771,882
Total assets	<u>683,328</u>	<u>755,286</u>	<u>603,741</u>	<u>623,384</u>	<u>1,287,069</u>	<u>1,378,670</u>
Long-term liabilities						
outstanding	317,091	303,195	200,858	195,374	517,949	498,569
Other liabilities	23,202	26,234	12,103	15,351	35,305	41,585
Total liabilities	<u>340,293</u>	<u>329,429</u>	<u>212,961</u>	<u>210,725</u>	<u>553,254</u>	<u>540,154</u>
Net assets:						
Invested in capital assets, net of related debt	191,314	228,227	249,458	261,688	440,772	489,915
Restricted	96,934	93,796	28,978	28,894	125,912	122,690
Unrestricted	54,787	103,834	112,344	122,077	167,131	225,911
	<u>\$ 343,035</u>	<u>\$ 425,857</u>	<u>\$ 390,780</u>	<u>\$ 412,659</u>	<u>\$ 733,815</u>	<u>\$ 838,516</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 \$838.5 million at September 30, 2007, an increase of \$104.7 million or 14.3% from the prior year.

The largest portion of the City's net assets, \$489.9 million or 58.4%, reflects its investment in capital assets (e.g., land, building, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$122.7 million or 14.6% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$225.9 million or 26.9% includes \$52.6 reserved for encumbrances, \$8.6 million reserved for debt service, \$36.4 designated for contingencies, and \$4 million designated for the future funding of postemployment benefits other than pensions (OPEB), under the provisions of Governmental Accounting Standards Board Statement No. 45.

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.

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

The City's net assets increased by \$104.7 million or 14.3% during the current fiscal year. Governmental activities accounted for an increase of \$82.8 million or 79.1% while Business-type accounted for \$21.9 million or 20.9% of the increase.

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

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

	2006	2007
Revenues:		
Program revenues:		
Charges for services	\$ 51,142	\$ 56,384
Operating grants and contributions	45,290	40,520
Capital grants and contributions	2,464	1,883
General revenues:		
Taxes:		
Property taxes, levied for general purposes	110,832	139,183
Property taxes, levied for debt services	9,848	6,411
Resort taxes	34,265	36,596
Tax increment	24,935	34,521
Local business	3,680	3,663
Utility taxes	12,999	13,098
Miscellaneous	170	119
Unrestricted investment earnings	13,696	22,675
Total revenues	309,321	355,053
Expenses:		
General government	43,639	48,188
Public safety	121,679	133,068
Physical environment	4,088	2,419
Transportation	694	10,187
Economic environment	233	22,006
Human services	1,840	1,439
Culture and recreation	40,288	38,301
Interest on long-term debt	12,991	13,571
Total expenses	225,452	269,179
Increase in net assets before transfers and gain on sale of capital assets	83,869	85,874
Transfers	(654)	(3,310)
Gain on sale of capital assets	71	258
Increase in net assets	83,286	82,822
Net assets - beginning	259,749	343,035
Net assets - ending	\$ 343,035	\$ 425,857

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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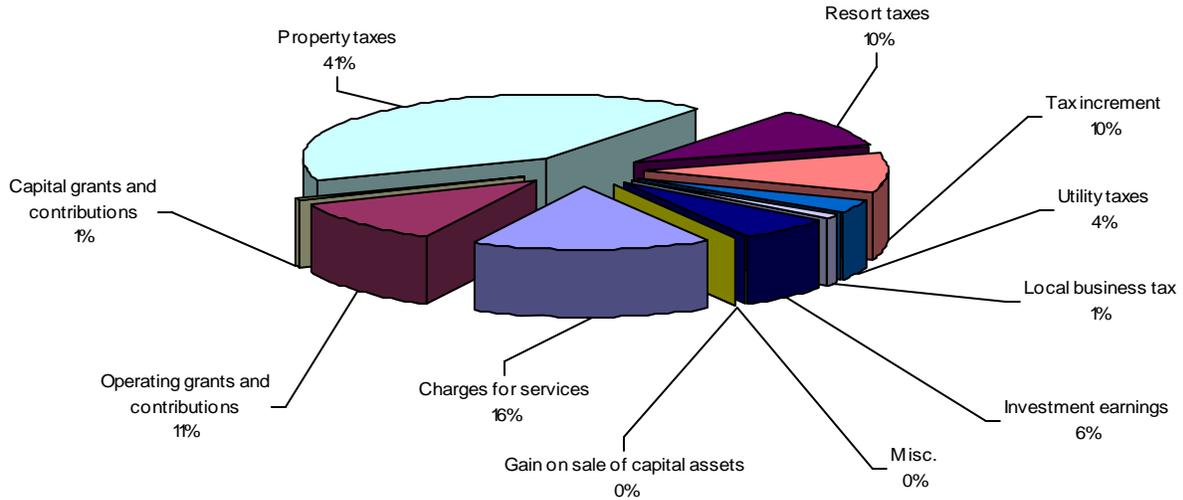
**Governmental activities.** Governmental activities increased the City's net assets by \$82.8 million, thereby accounting for 79.1% of the total growth in the net assets of the City.

Key elements of the net increase are as follows:

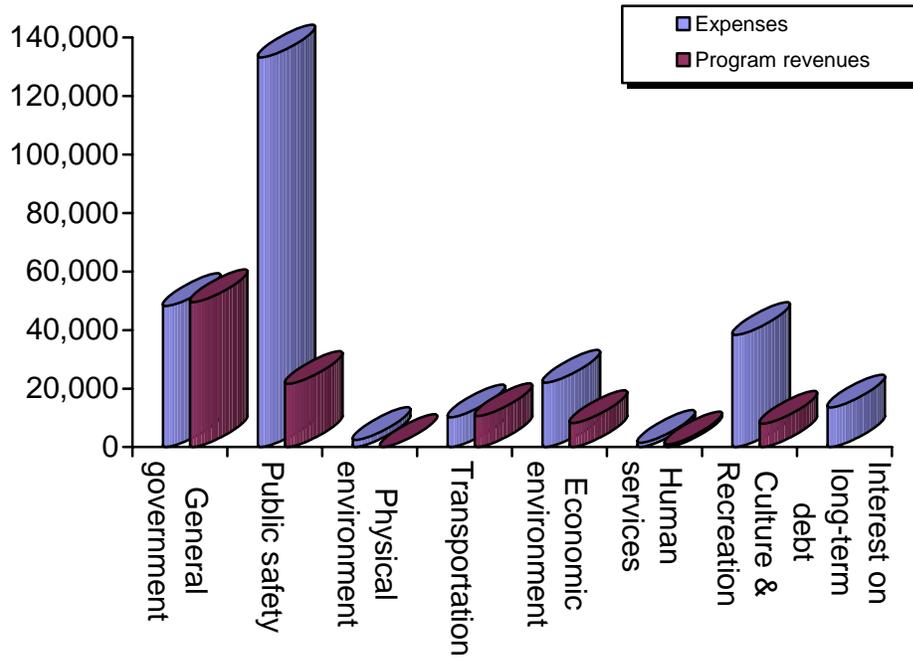
- Property taxes collected for general purposes increased by \$28.4 million or 25.6% over the prior year. This was attributed to an increase in taxable property values from \$17.4 billion to \$22.7 billion, which includes \$785.9 million in new construction. The City's operating millage rate decreased from 7.481 mills to 7.374 mills and the debt service millage rate decreased from .592 mills to .299 mills.
- Resort taxes increased by \$2.3 million or 6.8%.
- Utility taxes increased by \$.1 million or .8%
- Tax increments increased by \$9.6 million or 38.4%.
- Investment earnings increased by \$9 million or 65.6%. This increase includes approximately \$2 million of unrealized gains on investments.
- Operating grants and contributions had a net decrease of \$4.8 million or 10.5%.
- Charges for service related to programs had a net increase of \$5.2 million or 10.2%.
- Total expenses for the governmental activities had a net increase of \$43.7 million or 19.4%. Major components of the net decrease are as follows:
  - \$4.5 million or 10.4% increase in general government activities.
  - \$11.3 million or 9.4% increase in public safety activities.
  - \$9.5 million or 1,367.9% increase in transportation activities.
  - \$21.8 million or 9,344.6% decrease in economic environment activities.

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

**Revenue by Source – Governmental Activities  
for the year ended September 30, 2007 (in thousands)**



**Expenses and Program Revenues – Governmental Activities  
for the year ended September 30, 2007 (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)**

	2006	2007
Revenues:		
Program revenues:		
Charges for services	\$ 94,110	\$ 98,015
Operating grants and contributions	18,708	18,518
General revenues:		
Unrestricted investment earnings	6,404	9,930
Total revenues	119,222	126,463
Expenses:		
Storm water	4,354	5,421
Water	20,974	21,125
Sewer	23,747	25,819
Parking	20,378	22,827
Convention Center	18,139	18,365
Sanitation	15,072	12,329
Redevelopment Agency's Parking	1,737	1,849
Redevelopment Agency's Leasing	197	146
Total expenses	104,598	107,881
Increase in net assets before transfers and gain (loss) on sale of capital assets	14,624	18,582
Gain (loss) on sale of capital assets	42	(13)
Transfers	654	3,310
Increase in net assets	15,320	21,879
Net assets - beginning	375,460	390,780
Net assets - ending	\$ 390,780	\$ 412,659

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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**Business-type activities.** Business-type activities increased the City's net assets by \$21.9 million, thereby accounting for 20.9% of the total growth in the net assets of the City.

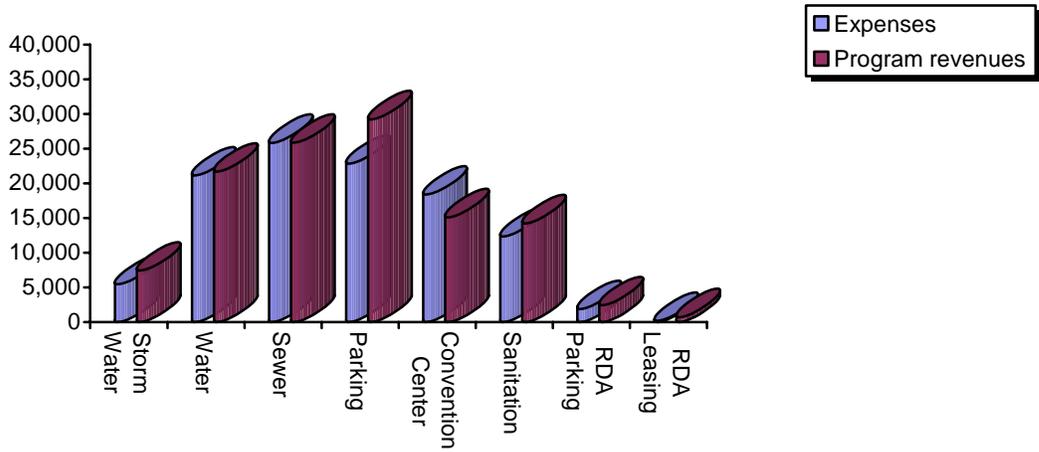
Key elements of the net increase are as follows:

- The Stormwater fund had a change in net assets of \$4.3 million. Operating revenues decreased by \$43 thousand or .6% and operating expenses increased by \$638 thousand or 25.7% from the prior year. Non-operating revenues/expenses increased by \$276 thousand or 88.2% from the prior year. Decreases in revenues resulted from increased renovation on multi-units properties within the City. While under renovation, only one unit of stormwater is charged to a property. The Stormwater rate was \$5.80 per unit during the fiscal year.
- The Water and Sewer fund had a change in net assets of \$8.1 million. Operating revenues decreased by \$473 thousand or 1% while operating expenses increased by \$455 thousand or 1.1% from the prior year. Non-operating revenues/expenses increased by \$430 thousand or 53.6% from the prior year.
- The Parking Systems fund had a change in net assets of \$7.7 million. Operating revenues increased by \$4.6 million or 18.6% and operating expenses increased by \$2.3 million or 12.2% from the prior year. Non-operating revenues/expenses increased by \$806 thousand or 167.6% from the prior year.
- The Convention Center Fund had a change in net assets of (\$2.9 million). Operating revenues increased by \$152 thousand or 1% and operating expenses increased by \$217 thousand or 1.2% from the prior year. Non-operating revenues/expenses increased by \$166 thousand or 104.1% 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 and \$3.1 million in 2006.
- Other Enterprise Funds, which includes the Sanitation, RDA Parking and RDA leasing Funds, had a change in net assets of \$4.7 million. Operating revenues decreased by \$513 thousand or 2.9% and operating expenses decreased by \$2.7 million or 16% from the prior year. Non-operating revenues/expenses increased by \$357 thousand or 95.8% from the prior year.

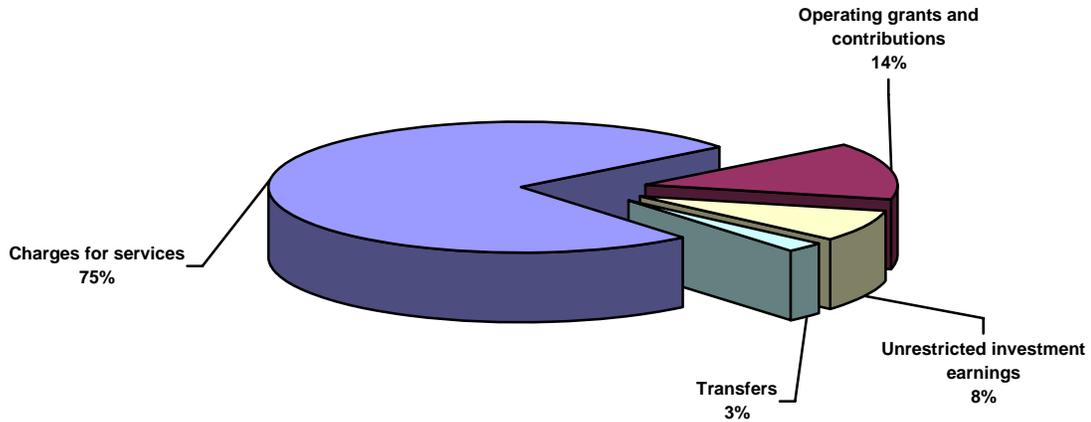
## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The following chart shows a comparison of expenses to program revenues for business-type activities for fiscal year 2007:

**Expenses and Program Revenues – Business-type Activities  
for the year ended September 30, 2007 (in thousands)**



**Revenue by Source – Business-type Activities  
for the year ended September 30, 2007 (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 Redevelopment Agency</u>	<u>Capital Projects</u>	<u>Other Govern- mental Funds</u>	<u>Total Govern- mental Funds</u>
Fund balances						
Sep. 30, 2006	\$ 37,818	\$ 8,592	\$ 40,811	\$ 158,970	\$ 42,391	\$ 288,582
Revenues	230,809	37,663	37,939	22,266	25,544	354,221
Expenditures	(207,883)	(8,227)	(21,023)	(35,513)	(36,985)	(309,631)
Other financing sources (uses)	(16,601)	(32,021)	(27,482)	45,416	21,581	(9,107)
Fund balances						
Sept. 30, 2007	<u>\$ 44,143</u>	<u>\$ 6,007</u>	<u>\$ 30,245</u>	<u>\$ 191,139</u>	<u>\$ 52,531</u>	<u>\$ 324,065</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 \$44.1 million. This consisted of \$1.7 million reserved for encumbrances, \$36.4 million designated for contingencies, \$2 million designated for unrealized gains on investment and \$4 million designated for OPEB. The general fund's net change in fund balance for the fiscal year was \$6.3 million. One key factor in this growth was the ability to maintain expenditures under budgeted amounts. Overall revenues increased by \$34.9 million or 17.8%, with ad-valorem tax revenues increasing by \$28.8 million or 26.3%. Expenditures in the general fund also increased by \$21.3 million or 11.4%. 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 \$42.4 million or 96.1% of total fund balance. Unreserved fund balance represents 20.4% of total general fund expenditures, while total fund balance represents 21.2% 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 \$6 million. The resort tax fund balance decreased by \$2.6 million or 30.1% from the prior fiscal year. Resort taxes collected during the year increased \$2.3 million or 6.8% while net other financing uses increased by \$3.3 million or 11.4% and expenditure increased by \$272 thousand or 3.4%. Unreserved fund balance represents 139.8% of total resort tax fund expenditures, while total fund balance represents 137% of the same amount.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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The Miami Beach Redevelopment Agency (the Agency) Special Revenue Fund accounts for the operations of the Miami Beach Redevelopment Agency, a tax increment district of the City. The Agency was established in 1976 under the provisions of Chapter 163 of the Florida Statutes to spur development and redevelopment in the South Shore and City Center/Historic Convention Village Redevelopment and Revitalization Area of the City. The fund balance of the Miami Beach Redevelopment Agency Special Revenue Fund decreased \$10.6 million or 25.9%. Tax increments collected during the year increased \$9.6 million or 38.4% while net other financing uses decreased by \$19.8 million or 41.8% and expenditure increased by \$11.8 million or 128.4%. Unreserved fund balance represents 70% of total Agency fund expenditures, while total fund balance represents 69.5% 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 \$32.2 million or 20.2% from the prior fiscal year. Intergovernmental revenues decreased by \$5.5 million and net other financing sources decreased by \$15 million or 24.9%. Capital outlay totaled \$34 million in the current year. Unreserved fund balance represents 24.7% of total capital project fund expenditures, while total fund balance represents 18.6% 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 \$21.9 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

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

The net variance between the amended budgeted revenues and actual revenues plus other financing sources was approximately \$3.4 million. This net variance consists primarily of a negative variance in ad-valorem taxes of \$1.7 million, which includes \$1.6 million of delinquent taxes. In addition, the general fund had a positive variance from charges for services of \$98 thousand, franchise fees of \$243 thousand, interest income of \$2.4 million and other financing sources of \$2.7 million.

The net variance between the amended budgeted appropriations and actual expenditures plus other financing uses was approximately \$2.9 million. This resulted mainly from a positive variance of \$886 thousand in general government functions, \$796 thousand in other financing uses and \$1.2 million in capital outlay.

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

**General Fund Revenues  
for the fiscal year ended September 30, 2007  
(in thousands)**

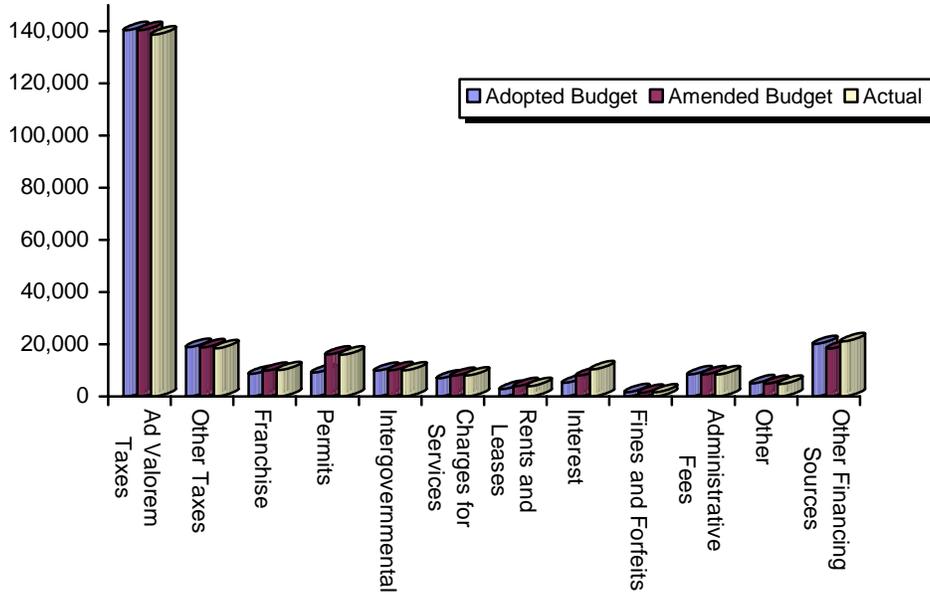
	Original Adopted Budget	Final Amended Budget	Actual
Taxes:			
Property	\$ 140,396	\$ 140,396	\$ 138,665
Sales, use, fuel	1,789	1,789	1,768
Utility	13,478	13,342	13,098
Local business	3,720	3,720	3,663
Taxes	<u>159,383</u>	<u>159,247</u>	<u>157,194</u>
Other than taxes:			
Franchise	8,675	9,895	10,138
Permits	9,218	16,104	16,040
Intergovernmental	9,897	10,061	10,030
Charges for services	6,968	7,962	8,060
Rents and leases	2,878	3,978	3,985
Interest income	5,300	8,062	10,437
Fines and forfeits	1,668	1,449	1,605
Administrative fees	8,489	8,489	8,508
Other	5,066	4,898	4,813
Other financing sources	20,131	18,401	21,157
Other than taxes	<u>78,290</u>	<u>89,299</u>	<u>94,773</u>
Total revenues	<u>\$ 237,673</u>	<u>\$ 248,546</u>	<u>\$ 251,967</u>

**General Fund Expenditures  
for the fiscal year ended September 30, 2007  
(in thousands)**

	Original Adopted Budget	Final Amended Budget	Actual
General government	\$ 41,795	\$ 40,710	\$ 39,824
Public safety	126,643	126,145	126,600
Physical environment	2,463	2,332	2,420
Transportation	4,253	3,863	4,097
Economic environment	1,936	1,939	1,915
Human services	1,163	1,161	1,068
Culture and recreation	30,344	28,242	27,719
Capital Outlay	2,802	3,581	2,419
Debt service	2,018	2,018	1,821
Other financing uses	24,256	38,555	37,759
Total expenditure	<u>\$ 237,673</u>	<u>\$ 248,546</u>	<u>\$ 245,642</u>

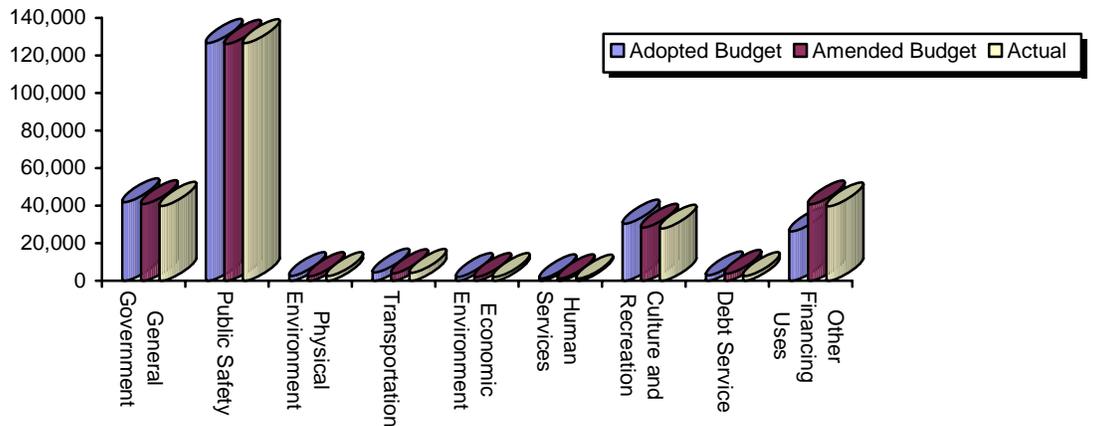
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

**General Fund Revenues  
for the year ended September 30, 2007 (in thousands).**



The following chart and table summarizes actual expenditures by function/program for fiscal year 2007 and compares expenditures with Adopted Budget, Amended Budget and Actual

**General Fund Expenditure  
for the year ended September 30, 2007 (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, 2007 amounts to \$771.8 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):

	<b>Capital Assets</b> (in thousands)					
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>
Land	\$ 45,453	\$ 45,453	\$ 24,274	\$ 24,274	\$ 69,727	\$ 69,727
Construction						
work-in-progress	189,625	225,050	172,437	207,271	362,062	432,321
Building & Structure	44,382	42,435	128,632	123,227	173,014	165,662
Permanent						
improvements	11,090	12,758	2,039	1,961	13,129	14,719
Furniture, Fixtures &						
Equipment	23,398	24,395	13,137	14,902	36,535	39,297
Infrastructure	<u>35,453</u>	<u>30,872</u>	<u>18,322</u>	<u>19,284</u>	<u>53,775</u>	<u>50,156</u>
<b>Total</b>	<b><u>\$ 349,401</u></b>	<b><u>\$ 380,963</u></b>	<b><u>\$ 358,841</u></b>	<b><u>\$ 390,919</u></b>	<b><u>\$ 708,242</u></b>	<b><u>\$ 771,882</u></b>

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:

- Started 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.
- Started 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.
- Currently under construction is 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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removal of invasive vegetation from the dune and the planting of native species, and specially designed marine turtle-friendly lighting.

- Continued structural and Electrical Repairs to Citywide Parking Garages.
- Completed construction of the “Beachwalk” project between 14<sup>th</sup> Terrace and 21<sup>st</sup> Street. The Beachwalk is an at-grade recreational path made of a pavers system which allows access for pedestrians, rollerbladers and bicyclists. The project was designed with turtle friendly lighting, native landscaping and other natural amenities to enhance the project. The purpose of the Beachwalk project is to create a multi-purpose public access corridor, within a public easement, which runs along the western edge (upland side) of the sand dunes, immediately east of the beachfront properties, in the City's South Beach District. The corridor will interconnect area business districts, cultural & tourism centers, residential neighborhoods, parking facilities, parks, schools and the beaches.
- Completed renovations to the Normandy Isle Park and Pool entailing renovations to the 3.6 acre park including new pool facility and locker rooms, new recreation center, shade pavilions, field renovations, multi-purpose court, gated park entries, promenade, court, field, and security lighting, new tot lot, furnishings, signage, landscaping, and irrigation.
- Completion of TOPA surface lot adding an additional 67 parking spaces as well as renovation of lighting and landscaping.
- Renovated 31 booster pump stations located throughout the City improving the City's overall water and wastewater infrastructure.
- Completion of Fire Station No. 4, located in North Beach, consisting of a new two story structure with three bays, living quarters, and new docks and seawalls.
- Completed construction of the Washington Avenue Master Plan to include streetscape improvements along Washington Avenue. Improvements include sidewalks; curb and gutter, sidewalk lighting, landscaping, median planting, irrigation and median design elements, water line replacements, upgrades, and drainage upgrades.

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 \$451 million. Governmental activities debt decreased by \$17.7 million or 6.3% while, business-type activities debt decreased by of \$6 million or 3.1%.

During the fiscal year, the City defeased the Resort Tax Refunding Bonds Series 1996. At the time of defeasance, the bonds had an outstanding principal balance of \$3,060,000.

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

(in thousands)

	Governmental activities		Business-type activities		Total	
	2006	2007	2006	2007	2006	2007
General obligation	\$ 81,440	\$ 78,620	\$	\$	\$ 81,440	\$ 78,620
Special obligation	184,905	172,970			184,905	172,970
Revenue bonds			191,665	185,830	191,665	185,830
Loans	12,905	10,617	495	345	13,400	10,962
Other debt	3,266	2,619			3,266	2,619
<b>Total</b>	<b>\$ 282,516</b>	<b>\$ 264,826</b>	<b>\$ 192,160</b>	<b>\$ 186,175</b>	<b>\$ 474,676</b>	<b>\$ 451,001</b>

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, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 355,270,787	\$ 68,046,498	\$ 423,317,285	\$ 2,554,468
Cash with fiscal agent	100,000		100,000	
Receivables (net)	14,524,843	16,741,356	31,266,199	410,614
Due from other governments	1,484,274	165,151	1,649,425	
Internal balances	(1,952,320)	1,952,320		
Prepaid expenses	1,284,553	132,710	1,417,263	
Inventories	432,506	2,142,684	2,575,190	
Restricted cash and investments		139,834,651	139,834,651	
Deferred charges	3,178,976	3,449,248	6,628,224	
Capital assets not being depreciated:				
Land	45,453,400	24,274,408	69,727,808	
Construction in progress	225,049,953	207,270,501	432,320,454	
Capital assets net of accumulated depreciation:				
Buildings and structures	42,434,602	123,226,806	165,661,408	
Permanent improvements	12,757,599	1,960,663	14,718,262	
Machinery and equipment	24,395,214	14,902,483	39,297,697	40,649
Infrastructure	30,871,933	19,284,452	50,156,385	
Total assets	<u>755,286,320</u>	<u>623,383,931</u>	<u>1,378,670,251</u>	<u>3,005,731</u>
<b>LIABILITIES</b>				
Accounts payable	16,904,878	11,409,130	28,314,008	4,619
Accrued expenses	5,013,980	1,724,636	6,738,616	422,917
Accrued interest payable	2,820,480	1,264,809	4,085,289	
Unearned revenue	475,199	760,153	1,235,352	
Due to other governments	1,019,587	192,004	1,211,591	
Noncurrent liabilities:				
Due within one year	26,183,409	10,751,819	36,935,228	
Due in more than one year	277,011,901	184,622,545	461,634,446	
Total liabilities	<u>329,429,434</u>	<u>210,725,096</u>	<u>540,154,530</u>	<u>427,536</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	228,227,002	261,687,666	489,914,668	40,649
Restricted for:				
Debt Service	23,721,580	16,754,649	40,476,229	
Economic development	35,378,904	12,139,461	47,518,365	
Transportation	23,791,093		23,791,093	
Other purposes	10,904,603		10,904,603	
Unrestricted	103,833,704	122,077,059	225,910,763	2,537,546
Total net assets	<u>\$ 425,856,886</u>	<u>\$ 412,658,835</u>	<u>\$ 838,515,721</u>	<u>\$ 2,578,195</u>

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

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended September 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 48,188,199	\$ 30,405,003	\$ 19,087,017	\$	\$ 1,303,821	\$	\$ 1,303,821	\$
Public safety	133,068,393	20,074,100	1,440,960	54,547	(111,498,786)		(111,498,786)	
Physical environment	2,418,815			36,771	(2,382,044)		(2,382,044)	
Transportation	10,187,046	55,028	9,573,104	942,931	384,017		384,017	
Economic environment	22,006,137		8,202,282		(13,803,855)		(13,803,855)	
Human services	1,438,987		965,795		(473,192)		(473,192)	
Culture and recreation	38,301,266	5,849,885	1,250,866	848,927	(30,351,588)		(30,351,588)	
Interest on long-term debt	13,570,730				(13,570,730)		(13,570,730)	
Total governmental activities	<u>269,179,573</u>	<u>56,384,016</u>	<u>40,520,024</u>	<u>1,883,176</u>	<u>(170,392,357)</u>		<u>(170,392,357)</u>	
Business-type activities:								
Storm Water	5,421,124	7,357,399	38,197			1,974,472	1,974,472	
Water	21,124,609	21,653,555	26,589			555,535	555,535	
Sewer	25,818,687	25,816,726	34,454			32,493	32,493	
Parking	22,826,900	25,063,379	4,173,420			6,409,899	6,409,899	
Convention Center	18,365,554	10,167,750	4,912,786			(3,285,018)	(3,285,018)	
Sanitation	12,329,274	4,882,897	9,332,507			1,886,130	1,886,130	
Redevelopment Agency's Parking	1,848,716	2,401,949				553,233	553,233	
Redevelopment Agency's Leasing	146,419	671,371				524,952	524,952	
Total business-type activities	<u>107,881,283</u>	<u>98,015,026</u>	<u>18,517,953</u>			<u>8,651,696</u>	<u>8,651,696</u>	
Total primary government	<u>\$ 377,060,856</u>	<u>\$ 154,399,042</u>	<u>\$ 59,037,977</u>	<u>\$ 1,883,176</u>	<u>(170,392,357)</u>	<u>8,651,696</u>	<u>(161,740,661)</u>	
<b>Component units:</b>								
Visitor and Convention Health Facilities	\$ 1,323,163	\$	\$ 52,000	\$				(1,271,163)
Health Facilities	5,421							(5,421)
Total component units	<u>\$ 1,328,584</u>	<u>\$</u>	<u>\$ 52,000</u>	<u>\$</u>				<u>(1,276,584)</u>
<b>General revenues:</b>								
Taxes:								
Property taxes, levied for general purposes					139,183,516		139,183,516	
Property taxes, levied for debt service					6,411,213		6,411,213	
Resort taxes					36,595,885		36,595,885	1,443,100
Tax increment					34,521,406		34,521,406	
Utility taxes					13,098,395		13,098,395	
Local business tax					3,662,796		3,662,796	
Miscellaneous					118,640		118,640	111,800
Gain (loss) on sale of capital assets					257,928	(12,949)	244,979	
Unrestricted investment earnings					22,674,807	9,930,008	32,604,815	72,103
Transfers					(3,310,095)	3,310,095		
Total general revenues and transfers					<u>253,214,491</u>	<u>13,227,154</u>	<u>266,441,645</u>	<u>1,627,003</u>
Change in net assets					82,822,134	21,878,850	104,700,984	350,419
Net assets - beginning					343,034,752	390,779,985	733,814,737	2,227,776
Net assets - ending					<u>\$ 425,856,886</u>	<u>\$ 412,658,835</u>	<u>\$ 838,515,721</u>	<u>\$ 2,578,195</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, 2007**

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 44,021,986	\$ 3,811,098	\$ 34,072,751	\$ 198,128,809	\$ 52,865,550	\$ 332,900,194
Receivables (net of allowance for uncollectibles)	6,361,954	3,359,462		40,464	712,271	10,474,151
Accrued interest	2,837,586		46,800	744,685	29,732	3,658,803
Due from other funds	3,739,522		491,209	126,734	76,672	4,434,137
Due from other governments	54,988			1,004,163	420,328	1,479,479
Inventories				52,100		52,100
Prepaid expenditures			4,490			4,490
<b>Total assets</b>	<b>\$ 57,016,036</b>	<b>\$ 7,170,560</b>	<b>\$ 34,615,250</b>	<b>\$ 200,096,955</b>	<b>\$ 54,104,553</b>	<b>\$ 353,003,354</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 5,950,075	\$ 158,278	\$ 154,077	\$ 7,046,248	\$ 1,101,301	\$ 14,409,979
Accrued expenditures	3,884,334	636,999	42,654		96,765	4,660,752
Unearned/deferred revenues	1,813,280			244,462	78,765	2,136,507
Due to other governments	1,016,576			3,011		1,019,587
Due to other funds	208,857	368,250	4,173,171	1,664,125	297,420	6,711,823
<b>Total liabilities</b>	<b>12,873,122</b>	<b>1,163,527</b>	<b>4,369,902</b>	<b>8,957,846</b>	<b>1,574,251</b>	<b>28,938,648</b>
<b>Fund balances:</b>						
<b>Reserved for:</b>						
Encumbrances	1,736,059	123,043	225,000	47,396,497	3,152,437	52,633,036
Debt service					8,609,611	8,609,611
Inventories				52,100		52,100
Prepaid			4,490			4,490
<b>Unreserved:</b>						
Designated for contingencies	36,413,065					36,413,065
Designated for unrealized gains on investments	1,993,790			242,468		2,236,258
Designated for OPEB	4,000,000					4,000,000
<b>Undesignated:</b>						
Special Revenue		5,883,990	30,015,858		40,768,254	76,668,102
Capital Projects				143,448,044		143,448,044
<b>Total fund balances</b>	<b>44,142,914</b>	<b>6,007,033</b>	<b>30,245,348</b>	<b>191,139,109</b>	<b>52,530,302</b>	<b>324,064,706</b>
<b>Total liabilities and fund balances</b>	<b>\$ 57,016,036</b>	<b>\$ 7,170,560</b>	<b>\$ 34,615,250</b>	<b>\$ 200,096,955</b>	<b>\$ 54,104,553</b>	<b>\$ 353,003,354</b>

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, 2007**

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**Total fund balances - governmental funds** \$ 324,064,706

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	\$	44,844,880	
Construction in progress		224,573,403	
Building and structure		80,679,311	
Permanent improvements		79,724,499	
Machinery and equipment		9,501,702	
Infrastructure		116,795,794	
Accumulated depreciation		<u>(198,556,466)</u>	
Total capital assets			357,563,123

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	\$	(255,175,712)	
Compensated absences		(14,748,383)	
Accrued interest payable		<u>(2,820,480)</u>	
Total long term liabilities			(272,744,575)

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.

3,187,976

Some Deferred Revenues have met the earned criteria for recognition in the Statement of Activities.

1,661,308

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

12,124,348

**Net assets of governmental activities** \$ 425,856,886

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, 2007

	General	Resort Tax	Miami Beach Redevelopment Agency	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Property	\$ 138,665,181				\$ 6,473,171	\$ 145,138,352
Sales, use and fuel	1,767,598				3,325,722	5,093,320
Utility	13,098,395					13,098,395
Resort		36,595,885				36,595,885
Local business	3,662,796					3,662,796
Tax increment			34,521,406			34,521,406
Other					1,092,985	1,092,985
Franchise fees	10,138,123					10,138,123
Permits	16,039,898					16,039,898
Intergovernmental	10,030,127			16,138,698	5,789,740	31,958,565
Charges for services	8,059,891				112,836	8,172,727
Rents and leases	3,985,054					3,985,054
Interest	10,436,732	199,598	3,192,248	6,114,872	1,831,780	21,775,230
Fines and forfeitures	1,604,800				332,889	1,937,689
Administrative fees	8,507,845					8,507,845
Impact fees					6,065,876	6,065,876
Other	4,812,752	867,580	225,841	12,781	517,828	6,436,782
<b>Total revenues</b>	<b>230,809,192</b>	<b>37,663,063</b>	<b>37,939,495</b>	<b>22,266,351</b>	<b>25,542,827</b>	<b>354,220,928</b>
<b>EXPENDITURES</b>						
Current:						
General government	39,823,950	958,400	4,260,589		100	45,043,039
Public safety	126,599,998		2,037,581		1,521,364	130,158,943
Physical environment	2,420,347					2,420,347
Transportation	4,096,867				2,012,158	6,109,025
Economic environment	1,914,424		14,106,676	1,500,000	5,220,400	22,741,500
Human services	1,067,672				367,756	1,435,428
Culture and recreation	27,719,356	7,053,889			1,364,078	36,137,323
Capital Outlay	2,418,962	214,981	619,030	34,013,020	2,605,629	39,871,622
Debt service:						
Principal retirement	1,052,465				11,289,824	12,342,289
Interest and fiscal charges	768,570				12,603,420	13,371,990
<b>Total expenditures</b>	<b>207,882,611</b>	<b>8,227,270</b>	<b>21,023,876</b>	<b>35,513,020</b>	<b>36,984,729</b>	<b>309,631,506</b>
Excess (deficiency) of revenues over (under) expenditures	22,926,581	29,435,793	16,915,619	(13,246,669)	(11,441,902)	44,589,422
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of capital assets	7,417				17,175	24,592
Transfers in	21,150,535	1,950,000	3,199,320	67,131,021	26,584,156	120,015,032
Transfers out	(37,759,388)	(33,970,865)	(30,680,836)	(21,715,447)	(1,960,257)	(126,086,793)
Transfer to escrow agent					(3,060,000)	(3,060,000)
<b>Total other financing sources (uses)</b>	<b>(16,601,436)</b>	<b>(32,020,865)</b>	<b>(27,481,516)</b>	<b>45,415,574</b>	<b>21,581,074</b>	<b>(9,107,169)</b>
<b>Net change in fund balances</b>	<b>6,325,145</b>	<b>(2,585,072)</b>	<b>(10,565,897)</b>	<b>32,168,905</b>	<b>10,139,172</b>	<b>35,482,253</b>
Fund balances - beginning of year	37,817,769	8,592,105	40,811,245	158,970,204	42,391,130	288,582,453
<b>Fund balances - end of year</b>	<b>\$ 44,142,914</b>	<b>\$ 6,007,033</b>	<b>\$ 30,245,348</b>	<b>\$ 191,139,109</b>	<b>\$ 52,530,302</b>	<b>\$ 324,064,706</b>

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, 2007**

**Net change in fund balance - total governmental funds** **\$ 35,482,253**

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	\$	39,871,622	
Depreciation expense		<u>(8,302,822)</u>	
Excess of capital outlay over depreciation expense			31,568,800

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	\$	(947,112)	
Related accumulated depreciation		<u>610,973</u>	
Loss on sale of disposal of capital assets			(336,139)

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

In the current year, these amounts consist of:

Bonds, loans and notes principal retirement	\$	11,257,117	
Bond principal transferred to escrow agent		3,060,000	
Amortization of bond issuance costs		(188,963)	
Amortization of bond net bond premium		<u>118,591</u>	
Total long term-debt retirement and related transactions			14,246,745

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	\$	(896,565)	
Decrease in accrued interest expense		327,235	
Decrease in other liabilities		<u>98,462</u>	
Total additional expense			(470,868)

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

456,377

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

1,874,966

<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u>82,822,134</u></b>
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The notes to the financial statements are an integral part of this statement.

**CITY OF MIAMI BEACH, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**September 30, 2007**

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 7,403,190	\$ 1,037,794	\$ 40,019,373	\$ 4,809,031	\$ 14,777,110	\$ 68,046,498	\$ 22,370,593
Cash with fiscal agent							100,000
Restricted cash and investments:							
Revenue bonds covenant	1,085,000	3,480,000	1,576,944			6,141,944	
Accounts receivable (net of allowance for uncollectibles)	1,154,266	7,635,533	3,598,717	1,838,327	1,399,315	15,626,158	391,889
Accrued interest receivable	460,737	654,461				1,115,198	
Due from other governments	156	2,034	5,596		157,365	165,151	4,795
Due from other funds		120	8,229		1,954,848	1,963,197	325,366
Prepaid expenses				47,898	84,812	132,710	1,271,063
Inventories		2,142,684				2,142,684	380,406
Total current assets	<u>10,103,349</u>	<u>14,952,626</u>	<u>45,208,859</u>	<u>6,695,256</u>	<u>18,373,450</u>	<u>95,333,540</u>	<u>24,844,112</u>
Noncurrent assets:							
Restricted cash and investments:							
Customer deposits		6,734,717	29,456	2,257,288	65,464	9,086,925	
Interlocal agreement				12,139,461		12,139,461	
Revenue bonds covenant	40,618,994	58,578,087	13,269,240			112,466,321	
Deferred charges	580,897	2,203,041	665,310			3,449,248	
Capital assets:							
Land		1,492,598	17,283,478	2,089,371	3,408,961	24,274,408	608,520
Buildings and structures	1,116,232	7,543,460	25,653,128	157,128,292	13,397,987	204,839,099	2,020,545
Parking lots			4,069,504			4,069,504	
Mains and lines		40,940,282				40,940,282	
Meters and hydrants		11,860,461	2,680,094			14,540,555	
Machinery and equipment	1,724,527	16,448,189	2,442,363	6,291,319	3,167,426	30,073,824	70,880,440
Construction in progress	35,213,125	119,820,127	29,026,191	22,827,633	383,425	207,270,501	476,550
Less accumulated depreciation	(1,119,958)	(42,852,461)	(20,376,299)	(65,161,171)	(5,578,971)	(135,088,860)	(50,586,477)
Total capital assets (net of accumulated depreciation)	<u>36,933,926</u>	<u>155,252,656</u>	<u>60,778,459</u>	<u>123,175,444</u>	<u>14,778,828</u>	<u>390,919,313</u>	<u>23,399,578</u>
Total noncurrent assets	<u>78,133,817</u>	<u>222,768,501</u>	<u>74,742,465</u>	<u>137,572,193</u>	<u>14,844,292</u>	<u>528,061,268</u>	<u>23,399,578</u>
Total assets	<u>88,237,166</u>	<u>237,721,127</u>	<u>119,951,324</u>	<u>144,267,449</u>	<u>33,217,742</u>	<u>623,394,808</u>	<u>48,243,690</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	3,941,472	3,694,958	1,816,849	1,131,628	824,223	11,409,130	2,494,899
Accrued expenses	244,302	1,193,939	530,258	901,156	119,790	2,989,445	353,228
Due to other funds					10,877	10,877	
Due to other governments			127,323	22,949	41,732	192,004	
Bonds payable	1,085,000	3,480,000	1,576,944			6,141,944	
Loans payable					136,692	136,692	2,370,651
Accrued compensated absences	62,454	231,126	278,678	3,649	174,509	750,416	386,281
Unearned revenue			627,643	132,510		760,153	
Pending insurance claims							6,055,000
Total current liabilities	<u>5,333,228</u>	<u>8,600,023</u>	<u>4,957,695</u>	<u>2,191,892</u>	<u>1,307,823</u>	<u>22,390,661</u>	<u>11,660,059</u>
Noncurrent liabilities:							
Pending insurance claims							3,076,779
Insurance claims incurred but not reported							12,513,173
Deposits		6,734,717	29,456	2,257,288	65,464	9,086,925	
Accrued compensated absences	68,469	143,540	135,291	39,692	296,425	683,417	623,233
Loans payable					208,282	208,282	8,246,098
Revenue bonds payable (net of unamortized discounts)	45,044,523	107,129,758	26,192,407			178,366,688	
Total noncurrent liabilities	<u>45,112,992</u>	<u>114,008,015</u>	<u>26,357,154</u>	<u>2,296,980</u>	<u>570,171</u>	<u>188,345,312</u>	<u>24,459,283</u>
Total liabilities	<u>50,446,220</u>	<u>122,608,038</u>	<u>31,314,849</u>	<u>4,488,872</u>	<u>1,877,994</u>	<u>210,735,973</u>	<u>36,119,342</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	11,997,811	79,071,449	33,009,108	123,175,444	14,433,854	261,687,666	12,782,829
Restricted	3,572,213	10,212,938	2,969,498	12,139,461		28,894,110	
Unrestricted	22,220,922	25,828,702	52,657,869	4,463,672	16,905,894	122,077,059	(658,481)
Total net assets	<u>\$ 37,790,946</u>	<u>\$ 115,113,089</u>	<u>\$ 88,636,475</u>	<u>\$ 139,778,577</u>	<u>\$ 31,339,748</u>	<u>\$ 412,658,835</u>	<u>\$ 12,124,348</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, 2007**

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
<b>Operating revenues:</b>							
Charges for services	\$ 7,357,399	\$ 47,470,281	\$ 25,063,379	\$ 10,167,750	\$ 6,792,554	\$ 96,851,363	\$ 45,416,433
Permits, rentals, and other	38,197	61,043	4,173,420	4,912,786	10,496,170	19,681,616	326,959
<b>Total operating revenues</b>	<b>7,395,596</b>	<b>47,531,324</b>	<b>29,236,799</b>	<b>15,080,536</b>	<b>17,288,724</b>	<b>116,532,979</b>	<b>45,743,392</b>
<b>Operating expenses:</b>							
Personal services	1,347,545	5,613,289	7,479,309	4,788,386	5,708,784	24,937,313	10,797,181
Operating supplies	78,513	476,093	319,633	245,026	150,206	1,269,471	4,515,752
Contractual services	364,685	26,809,718	6,856,165	2,718,953	5,246,520	41,996,041	5,904,791
Utilities	17,345	480,507	686,484	2,233,093	112,696	3,530,125	2,067,621
Insurance				112,355		112,355	7,739,447
Internal charges	548,197	3,207,392	2,171,415	1,553,173	1,241,144	8,721,321	2,461,229
Depreciation	278,127	1,739,844	1,199,652	5,158,763	740,001	9,116,387	6,729,622
Administrative fees	264,500	3,062,800	2,433,400	740,600	264,500	6,765,800	963,981
Amortization	118,963	205,422	270,257			594,642	
Claims and judgements							7,207,929
Other operating	101,664	229,706	227,930	710,679	747,186	2,017,165	423,449
<b>Total operating expenses</b>	<b>3,119,539</b>	<b>41,824,771</b>	<b>21,644,245</b>	<b>18,261,028</b>	<b>14,211,037</b>	<b>99,060,620</b>	<b>48,811,002</b>
<b>Operating income (loss)</b>	<b>4,276,057</b>	<b>5,706,553</b>	<b>7,592,554</b>	<b>(3,180,492)</b>	<b>3,077,687</b>	<b>17,472,359</b>	<b>(3,067,610)</b>
<b>Nonoperating revenues</b>							
<b>(expenses):</b>							
Interest and fiscal charges	(2,263,912)	(4,896,738)	(1,034,159)		(23,586)	(8,218,395)	(525,975)
Gain (loss) on disposal of capital assets	742	14,968	(12,645)		(16,014)	(12,949)	257,928
Interest income	2,852,572	3,650,031	2,333,913	325,281	768,211	9,930,008	899,577
<b>Total nonoperating revenues (expenses)</b>	<b>589,402</b>	<b>(1,231,739)</b>	<b>1,287,109</b>	<b>325,281</b>	<b>728,611</b>	<b>1,698,664</b>	<b>631,530</b>
<b>Income (loss) before contributions and transfers</b>	<b>4,865,459</b>	<b>4,474,814</b>	<b>8,879,663</b>	<b>(2,855,211)</b>	<b>3,806,298</b>	<b>19,171,023</b>	<b>(2,436,080)</b>
Capital contributions			(16,931)		(18,213)	(35,144)	982,256
Transfers in		4,600,000			920,671	5,520,671	3,400,000
Transfers out	(589,158)	(1,020,000)	(1,162,806)		(5,736)	(2,777,700)	(71,210)
<b>Change in net assets</b>	<b>4,276,301</b>	<b>8,054,814</b>	<b>7,699,926</b>	<b>(2,855,211)</b>	<b>4,703,020</b>	<b>21,878,850</b>	<b>1,874,966</b>
<b>Total net assets - beginning</b>	<b>33,514,645</b>	<b>107,058,275</b>	<b>80,936,549</b>	<b>142,633,788</b>	<b>26,636,728</b>	<b>390,779,985</b>	<b>10,249,382</b>
<b>Total net assets - ending</b>	<b>\$ 37,790,946</b>	<b>\$ 115,113,089</b>	<b>\$ 88,636,475</b>	<b>\$ 139,778,577</b>	<b>\$ 31,339,748</b>	<b>\$ 412,658,835</b>	<b>\$ 12,124,348</b>

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, 2007

	Storm Water Utility Fund	Water and Sewer Fund	Parking System Fund	Convention Center Complex Fund	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
<b>Cash flows from operating activities:</b>							
Cash received from customers	\$ 7,536,737	\$ 49,184,224	\$ 24,775,449	\$ 8,955,703	\$ 6,507,148	\$ 96,959,261	\$ 45,039,566
Cash paid to suppliers	(600,420)	(28,876,724)	(7,506,343)	(5,639,624)	(6,076,038)	(48,699,149)	(21,066,870)
Cash paid to employees	(1,329,748)	(5,610,613)	(7,359,928)	(4,782,775)	(5,666,477)	(24,749,541)	(10,784,841)
Cash paid for claims and judgements							(5,144,798)
Internal charges-payments made to other funds	(812,697)	(6,270,192)	(4,604,815)	(2,293,773)	(1,575,029)	(15,556,506)	(3,425,210)
Other operating revenues	38,041	59,009	4,173,420	4,912,786	10,535,986	19,719,242	171,468
<b>Net cash provided by operating activities</b>	<b>4,831,913</b>	<b>8,485,704</b>	<b>9,477,783</b>	<b>1,152,317</b>	<b>3,725,590</b>	<b>27,673,307</b>	<b>4,789,315</b>
<b>Cash flows for non-capital financing activities:</b>							
Transfers in		4,600,000			920,671	5,520,671	3,400,000
Transfers out	(589,158)	(1,020,000)	(1,162,806)		(5,736)	(2,777,700)	(71,210)
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>(589,158)</b>	<b>3,580,000</b>	<b>(1,162,806)</b>		<b>914,935</b>	<b>2,742,971</b>	<b>3,328,790</b>
<b>Cash flows from capital and related financing activities:</b>							
Repayment of loan					(149,147)	(149,147)	(2,288,423)
Interest and fiscal charges	(2,267,812)	(4,940,537)	(1,045,006)		(23,456)	(8,276,811)	(533,282)
Bond payments-principal	(1,040,000)	(3,285,000)	(1,510,176)			(5,835,176)	
Purchase of capital assets	(11,676,450)	(15,080,965)	(7,007,570)	(3,162,958)	(1,082,786)	(38,010,729)	(6,146,581)
Proceeds from sale of capital assets	742	14,968	6,067		19,397	41,174	272,288
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(14,983,520)</b>	<b>(23,291,534)</b>	<b>(9,556,685)</b>	<b>(3,162,958)</b>	<b>(1,235,992)</b>	<b>(52,230,689)</b>	<b>(8,695,998)</b>
<b>Cash flows from investing activities:</b>							
Interest on investments	2,729,185	3,474,406	2,333,913	325,281	768,211	9,630,996	899,577
<b>Net cash provided by investing activities</b>	<b>2,729,185</b>	<b>3,474,406</b>	<b>2,333,913</b>	<b>325,281</b>	<b>768,211</b>	<b>9,630,996</b>	<b>899,577</b>
<b>Net increase (decrease) in cash and equivalents</b>	<b>(8,011,580)</b>	<b>(7,751,424)</b>	<b>1,092,205</b>	<b>(1,685,360)</b>	<b>4,172,744</b>	<b>(12,183,415)</b>	<b>321,684</b>
<b>Cash and investments - beginning of year</b>	<b>57,118,764</b>	<b>77,582,022</b>	<b>53,802,808</b>	<b>20,891,140</b>	<b>10,669,830</b>	<b>220,064,564</b>	<b>22,148,909</b>
<b>Cash and investments - end of year</b>	<b>\$ 49,107,184</b>	<b>\$ 69,830,598</b>	<b>\$ 54,895,013</b>	<b>\$ 19,205,780</b>	<b>\$ 14,842,574</b>	<b>\$ 207,881,149</b>	<b>\$ 22,470,593</b>
<b>Classified as:</b>							
Current assets	\$ 7,403,190	\$ 1,037,794	\$ 40,019,373	\$ 4,809,031	\$ 14,777,110	\$ 68,046,498	\$ 22,470,593
Restricted assets	41,703,994	68,792,804	14,875,640	14,396,749	65,464	139,834,651	
<b>Total cash and investments</b>	<b>\$ 49,107,184</b>	<b>\$ 69,830,598</b>	<b>\$ 54,895,013</b>	<b>\$ 19,205,780</b>	<b>\$ 14,842,574</b>	<b>\$ 207,881,149</b>	<b>\$ 22,470,593</b>
<b>Non-cash transactions affecting financial position:</b>							
Capital contributions of capital assets	\$	\$	\$ (16,931)	\$	\$ (18,213)	\$ (35,144)	\$ 982,256

(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, 2007

(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)	\$ 4,276,057	\$ 5,706,553	\$ 7,592,554	\$ (3,180,492)	\$ 3,077,687	\$ 17,472,359	\$ (3,067,610)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:							
Depreciation and amortization	397,090	1,945,266	1,469,909	5,158,763	740,001	9,711,029	6,729,622
Provision for uncollectible accounts	(61,112)	(404,828)	(17,250)	17,449	164,022	(301,719)	(1,635)
Changes in assets and liabilities:							
(Increase) decrease in inventories		(202,599)				(202,599)	20,181
(Increase) decrease in accounts receivable	240,450	1,857,447	(333,361)	(768,720)	21,718	1,017,534	(272,120)
(Increase) decrease in due from other governments	(156)	(2,034)	(5,596)		1,203,479	1,195,693	(4,795)
(Increase) decrease in due from other funds		(120)	(8,229)		(1,471,935)	(1,480,284)	(275,470)
(Increase) decrease in prepaid expense				2,729	10,733	13,462	(417,769)
Increase (decrease) in accounts payable	(38,213)	1,296,562	505,706	590,735	(100,493)	2,254,297	59,848
Increase (decrease) in accrued expenses	(421)	(2,010,016)	143,298	(197,401)	(27,987)	(2,092,527)	(10,531)
Increase (decrease) in deposits		261,444	2,564	(170,683)	1,148	94,473	
Increase (decrease) in due to other governments			83,759	(17,235)	25,457	91,981	
Decrease in due to other funds					10,699	10,699	
Increase (decrease) in deferred revenues			68,346	(290,093)		(221,747)	
Increase in pending insurance claims							429,841
Increase in insurance claims incurred but not reported							1,633,291
Increase (decrease) in accrued compensated absences	18,218	38,029	(23,917)	7,265	71,061	110,656	(33,538)
Total adjustments	555,856	2,779,151	1,885,229	4,332,809	647,903	10,200,948	7,856,925
Net cash provided by operating activities	\$ 4,831,913	\$ 8,485,704	\$ 9,477,783	\$ 1,152,317	\$ 3,725,590	\$ 27,673,307	\$ 4,789,315

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, 2007**

	Pension Trust Funds	Agency Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 6,645,913	\$ 6,582,876
Receivables:		
Accounts, net		199,363
Accrued interest	3,556,797	
Contributions	2,091,984	
Other	313,734	
Prepaid expenses	5,239	
Investments, at fair value:		
Short-term investments	6,336,427	
U.S. Government securities	93,402,189	
Corporate bonds and notes	170,435,419	
Common stocks and index funds	296,143,884	
Aggregated bond funds	90,995,990	
Aggregated equity funds	324,433,905	
Money market funds	5,260,968	
Real estate funds	20,672,358	
Mutual funds self-directed DROP participants	8,214,181	
Total investments	1,015,895,321	
 Total assets	 1,028,508,988	 6,782,239
<b>Liabilities</b>		
Accounts payable	9,110,064	1,202,429
Deposits		5,579,810
 Total liabilities	 9,110,064	 6,782,239
<b>Net Assets</b>		
Held in trust for pension benefits	\$ 1,019,398,924	\$

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, 2007**

	Pension Trust Funds
<b>Additions:</b>	
Contributions -	
Employer	\$ 28,164,099
Employee	16,140,076
State of Florida	2,289,954
Buybacks/transfers from other systems	527,445
Other	14,027
Total contributions	47,135,601
Investment income -	
Net increase in fair value of investments	112,130,707
Interest and dividends income	22,770,892
	134,901,599
Investment management expenses	(2,942,122)
Net investment income	131,959,477
Total additions	179,095,078
<b>Deductions:</b>	
Benefit paid	59,944,131
Contributions refunded	737,316
Administrative expenses	1,375,765
Total deductions	62,057,212
Net increase	117,037,866
Net assets held in trust for pension benefits - beginning of year	902,361,058
Net assets held in trust for pension benefits - end of year	\$ 1,019,398,924

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

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**  
**(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. 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 approximately 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 2007.

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 2007.

Miami Beach Neighborhood Improvement District No. 3

The Miami Beach Neighborhood Improvement District No. 3 (the "NID No. 3") was created under Chapter 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 2007.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**  
**(Continued)**

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given functional category are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given functional category and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular functional category. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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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 and claims and judgments, are recorded only when payment is due.

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.

**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.

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- 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. At September 20, 2005, the South Pointe District under the jurisdiction of the Agency expired.
- 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',
  - 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.

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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.

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.

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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, 2007:

- 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, 2007, but not collected as of that date;
- c. Resort Taxes Receivable – This amount represents resort taxes due by September 30, 2007, 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, 2007.

3. *Inventories, prepaid and deferred items*

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, 2007.

Expenditures made for services that will benefit periods beyond September 30, 2007 are recorded as prepaid items and deferred items in both the government-wide and fund financial statements. Accordingly a portion of fund balance has been reserved to indicate that these funds are not available for appropriation.

4. *Restricted assets*

Certain proceeds of the storm water enterprise fund revenue bonds, water and sewer enterprise fund revenue bonds, and the parking system enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

Certain proceeds in the convention center complex enterprise fund are restricted as a result of an interlocal agreement between Miami-Dade County and the City to fund the cost of capital improvements to the Convention Center and the Theatre of Performing Arts (TOPA).

Customer deposits are restricted for in the water and sewer fund, parking system fund, convention center fund and other non-major enterprise funds.

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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 the 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	\$ 2,582,202	\$ 753,936
Water and Sewer	5,364,216	2,299,351
Parking Systems	1,593,806	655,494

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

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

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

6. *Compensated Absences*

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

7. *Long-term obligations*

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

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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, 2007, the Government-wide statement of net assets reports \$82,213,061 in restricted net assets 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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**II. Stewardship, compliance, and accountability**

**Deficit net assets**

At September 30, 2007 the City's Internal Service Self Insurance Fund has a cumulative deficit of \$8.4 million. The net decrease of \$ 2.2 million or 20.8% in the cumulative deficit, under the prior year, is a result of the increased liability based on an actuarial study and additional funding of \$2 million. It is the City's intention to continue to fund the liability and thus reduce the deficit in future years.

**III. Detailed notes on all funds**

**A. Deposits and Investments**

City's Pooled Portfolio Investments:

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

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

As of September 30, 2007, the City had the following investments in its portfolio:

City's Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	6-10
U.S. government agency	\$ 194,033,920	\$ 39,406,550	\$ 148,948,620	\$ 5,678,750
U.S. treasuries	151,661,745	132,989,055	18,672,690	
Corporate bonds	39,097,770	13,996,800	25,100,970	
Money Market Trust	21,638,716	21,638,716		
Repurchase agreement	128,504,910	128,504,910		
Total	\$ 534,937,061	\$ 336,536,031	\$ 192,722,280	\$ 5,678,750

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 investments in these investment types to the top rating issued by NRSROs.

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As of September 30, 2007 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:	Solomon Smith Barney	AA	Aa1	\$ 4,016,800
	GE Capital	AAA	Aaa	5,046,500
	Bank of America Corp.	AA	Aa1	9,980,000
	Wells Fargo	AA+	Aa1	9,863,500
	Wal-Mart	AA	Aa2	5,272,970
	Merrill Lynch & Co.	AA-	Aa3	4,918,000
U.S. Government Agencies:	FHLB	AAA	Aaa	85,414,351
	FHLMC	AAA	Aaa	48,023,359
	FNMA	AAA	Aaa	64,960,679
	FNCL	AAA	Aaa	2,204,626
	FN	AAA	Aaa	1,688,048
	FFCB	AAA	Aaa	18,797,600
U.S. Government Treasuries:	U.S. Government	AAA	Aaa	253,111,912
Money Market Trust:	U.S. Government	AAA	Aaa	21,638,716

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, 2007 (including restricted cash and cash with paying agent) are shown below:

	Carrying Amount	% of Portfolio
U.S. government agency	\$ 194,013,995	36.1 %
U.S. treasuries	150,681,500	28.2
Corporate bonds	39,120,194	7.4
Money market trust	21,638,716	4.1
Repurchase agreements	128,504,910	24.2
Total City Investments	533,959,315	100.0 %
City funds managed by others:		
Money market	67,785	
Cash with fiscal agent	100,000	
Common stock	54,226	
Demand deposit	35,653,486	
Total cash and investments	\$ 569,834,812	

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Schedule of cash and investments by funds:

General	\$	44,021,986
Resort Tax		3,811,098
Redevelopment Agency		34,072,751
Capital Projects		198,128,809
Storm Water		49,107,184
Water & Sewer		69,830,598
Parking		54,895,013
Convention Center Complex		19,205,780
Internal Service		22,470,593
Agency		6,582,876
Nonmajor Funds		67,708,124
Total cash and investments	\$	<u>569,834,812</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. As a means of limiting exposure to interest rate risk, the System limits holdings in any one type of investment with any one issuer with various durations and maturities.

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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, 2007.

**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	\$ 75,539,671	\$ 15,503,739	\$ 42,467,718	\$ 17,568,214
Corporate bonds and notes	141,859,122	13,530,108	65,425,592	62,903,422
Total	\$ <u>217,398,793</u>	\$ <u>29,033,847</u>	\$ <u>107,893,310</u>	\$ <u>80,471,636</u>

**Employees' Retirement Plan:**

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 13,495,276	\$	\$ 1,727,487	\$ 11,767,789
Corporate bonds and notes	26,606,171	754,554	8,400,858	17,450,759
Aggregated bond funds	90,995,990		250,000	90,745,990
Total	\$ <u>131,097,437</u>	\$ <u>754,554</u>	\$ <u>10,378,345</u>	\$ <u>119,964,538</u>

**Firemen's Relief and Pension Fund:**

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 2,649,482	\$ 349,488	\$ 1,392,648	\$ 907,346
Corporate bonds and notes	1,271,477		545,783	725,694
Total	\$ <u>3,920,959</u>	\$ <u>349,488</u>	\$ <u>1,938,431</u>	\$ <u>1,633,040</u>

**Policemen's Relief and Pension Fund:**

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More than 6
U.S. Government Securities	\$ 1,717,761	\$ 299,907	\$ 1,266,995	\$ 150,859
Corporate bonds	698,648	50,129	307,504	341,015
Short-term obligations	336,427	336,427		
Total	\$ <u>2,752,836</u>	\$ <u>686,463</u>	\$ <u>1,574,499</u>	\$ <u>491,874</u>

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

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

Credit risk is generally measured by the assignment of a rating by a nationally recognized rating organization. The following table discloses credit ratings by investment type at September 30, 2007.

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

	Fair Value	Percentage of Portfolio	
U.S. Government Securities	\$ 75,539,671	34.7	%
Quality rating of credit risk debt securities			
AAA	4,891,230	2.3	
AA	12,032,340	5.5	
AA-	6,025,278	2.8	
A+	37,119,672	17.1	
A	57,855,952	26.6	
A-	9,222,123	4.2	
BBB+	12,206,049	5.6	
BBB	2,506,478	1.2	
Total credit risk debt securities	<u>141,859,122</u>	<u>65.3</u>	
Total fixed income securities	\$ <u>217,398,793</u>	<u>99.95</u>	%

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**Miami Beach Employees' Retirement Plan:**

	Fair Value	Percentage of Portfolio
U.S. Government Securities	\$ 13,495,276	10.3 %
Quality rating of credit risk debt securities		
AAA	89,972,029	68.6
AA+	126,239	0.1
AA	2,895,129	2.2
AA-	1,645,602	1.3
A+	2,669,821	2.0
A	5,889,833	4.5
A-	983,099	0.7
BBB+	7,592,719	5.8
BBB	3,795,253	2.9
BBB-	645,018	0.5
BB+	511,771	0.4
Unrated	875,648	0.7
Total credit risk debt securities	<u>117,602,161</u>	<u>89.7</u>
Total fixed income securities	<u>\$ 131,097,437</u>	<u>100 %</u>

**Fireman's Relief and Pension Fund:**

Investment Type	Aaa	Aa3	A1
U.S. Government Agency Bonds	\$ 2,649,482	\$	\$
Corporate bonds	195,162	51,146	345,437
Total	<u>\$ 2,844,644</u>	<u>\$ 51,146</u>	<u>\$ 345,437</u>
Percentage of Portfolio	72.5%	1.3%	8.8%
Investment Type	A2	A3	
U.S. Government Agency Bonds	\$	\$	
Corporate bonds	484,626	195,106	
Total	<u>\$ 484,626</u>	<u>\$ 195,106</u>	
Percentage of Portfolio	12.4%	5.0%	

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Policeman's Relief and Pension Fund:**

Investment Type	AAA	AA	A
U.S. Government Agency Bonds	\$ 1,717,761	\$	\$
Corporate bonds		152,174	546,474
Total	<u>\$ 1,717,761</u>	<u>\$ 152,174</u>	<u>\$ 546,474</u>
Percentage of Portfolio	71.1%	6.3%	22.6%

As of September 30, 2007 the System had the following cash and investments in its portfolio:

	Fair Value
Short term investments	\$ 6,336,427
U.S. government securities	93,402,189
Corporate bonds and notes	170,435,419
Common stock and index funds	296,143,884
Aggregated bond funds	90,995,990
Aggregated equity funds	324,433,905
Money market funds	5,260,968
Real Estate funds	20,672,358
Mutual funds	8,214,181
Cash	6,645,913
Total cash and investments	<u>\$ 1,022,541,234</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. Consistent with the System's investment policy, the investments are held in safe keeping by the System's custodial bank or a third party custodial institution, chartered by the United States Government or the State of Florida.

**Discretely Presented Component Units**

Component unit's cash and investment in the amount of \$2,554,468 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.

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**SEPTEMBER 30, 2007**  
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Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to the component unit. The security can not be released, substituted or sold without the component unit's approval and release of the security.

**B. Receivables**

Receivables at September 30, 2007 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	\$ 7,086,692	\$ 3,359,462	\$	\$ 40,464	\$ 397,811	\$ 716,441	\$ 11,600,870
Taxes	2,069,368					97,509	2,166,877
Interest	2,837,586		46,800	744,685		29,732	3,658,803
Gross receivables	11,993,646	3,359,462	46,800	785,149	397,811	843,682	17,426,550
Less: allowance for uncollectible accounts	(2,794,106)				(5,922)	(101,679)	(2,901,707)
Net total receivables	<u>\$ 9,199,540</u>	<u>\$ 3,359,462</u>	<u>\$ 46,800</u>	<u>\$ 785,149</u>	<u>\$ 391,889</u>	<u>\$ 742,003</u>	<u>\$ 14,524,843</u>

	Business-type Activities					Total
	Storm Water	Water and Sewer	Parking	Convention Center Complex	Nonmajor Funds	
Receivables:						
Accounts	\$ 1,400,948	\$ 8,547,430	\$ 3,598,717	\$ 1,880,773	\$ 2,117,970	\$ 17,545,838
Interest	460,737	654,461				1,115,198
Gross receivables	1,861,685	9,201,891	3,598,717	1,880,773	2,117,970	18,661,036
Less: allowance for uncollectible accounts	(246,682)	(911,897)		(42,446)	(718,655)	(1,919,680)
Net total receivables	<u>\$ 1,615,003</u>	<u>\$ 8,289,994</u>	<u>\$ 3,598,717</u>	<u>\$ 1,838,327</u>	<u>\$ 1,399,315</u>	<u>\$ 16,741,356</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**  
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**C. Capital assets**

Capital asset activity for the year ended September 30, 2007 as follows:

**Primary Government  
Governmental activities:**

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 45,453,400	\$	\$	\$ 45,453,400
Construction work-in-progress	189,624,992	35,424,961		225,049,953
Total capital assets, not being depreciated	<u>235,078,392</u>	<u>35,424,961</u>		<u>270,503,353</u>
Capital assets, being depreciated:				
Building	82,699,856			82,699,856
Permanent improvements	76,874,050	2,850,449		79,724,499
Furniture & fixtures	2,004,827	175,193		2,180,020
Equipment	71,193,378	8,517,588	1,508,843	78,202,123
Infrastructure	116,795,794			116,795,794
Total capital assets, being depreciated	<u>349,567,905</u>	<u>11,543,230</u>	<u>1,508,843</u>	<u>359,602,292</u>
Less: accumulated depreciation for:				
Building	38,317,976	1,947,278		40,265,254
Permanent improvements	65,784,274	1,182,626		66,966,900
Furniture & fixtures	1,504,555	151,638	67,297	1,588,896
Equipment	48,295,985	7,169,447	1,067,399	54,398,033
Infrastructure	81,342,406	4,581,455		85,923,861
Total accumulated depreciation	<u>235,245,196</u>	<u>15,032,444</u>	<u>1,134,696</u>	<u>249,142,944</u>
Total capital assets, being depreciated, net	<u>114,322,709</u>	<u>(3,489,214)</u>	<u>374,147</u>	<u>110,459,348</u>
Governmental activities capital assets, net	<u>\$ 349,401,101</u>	<u>\$ 31,935,747</u>	<u>\$ 374,147</u>	<u>\$ 380,962,701</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**  
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**Primary Government**  
**Business-type activities**

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 24,274,408	\$	\$	\$ 24,274,408
Construction work-in-progress	172,436,986	37,776,284	2,942,769	207,270,501
Total capital assets, not being depreciated	<u>196,711,394</u>	<u>37,776,284</u>	<u>2,942,769</u>	<u>231,544,909</u>
Capital assets, being depreciated:				
Mains & lines	39,450,266	1,490,016		40,940,282
Building & structure	203,980,075	859,024		204,839,099
Meters & hydrants	12,780,344	1,760,211		14,540,555
Furniture, equipment & vehicles	27,979,466	2,324,020	229,662	30,073,824
Improvements other than building	4,069,504			4,069,504
Total capital assets, being depreciated	<u>288,259,655</u>	<u>6,433,271</u>	<u>229,662</u>	<u>294,463,264</u>
Less: accumulated depreciation for:				
Mains & lines	21,127,938	527,889	(3)	21,655,830
Building & structure	75,348,102	6,264,191		81,612,293
Meters & hydrants	8,384,033	222,837		8,606,870
Furniture, equipment & vehicles	19,239,264	2,023,092	157,330	21,105,026
Improvements other than building	2,030,463	78,378		2,108,841
Total accumulated depreciation	<u>126,129,800</u>	<u>9,116,387</u>	<u>157,327</u>	<u>135,088,860</u>
Total capital assets, being depreciated, net	<u>162,129,855</u>	<u>(2,683,116)</u>	<u>72,335</u>	<u>159,374,404</u>
Business-type activities, combined capital assets, net	<u>\$ 358,841,249</u>	<u>\$ 35,093,168</u>	<u>\$ 3,015,104</u>	<u>\$ 390,919,313</u>

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

<b>Governmental activities:</b>	
General government	\$ 7,831,461
Public safety	1,177,070
Physical environment	1,955
Transportation	4,017,673
Economic environment	30,035
Human services	564
Culture and recreation	<u>1,973,686</u>
Total depreciation expense - governmental activities	<u>\$ 15,032,444</u>
<b>Business-type activities</b>	
Storm Water	\$ 278,127
Water & Sewer	1,739,844
Parking Systems	1,199,652
Convention Center Complex	5,158,763
Nonmajor enterprise	<u>740,001</u>
Total depreciation expense - business-type activities	<u>\$ 9,116,387</u>

Accumulated Depreciation – For governmental activities, the increase in accumulated depreciation includes \$6,729,622 of depreciation expenses for internal services.

**D. Construction commitments**

At September 30, 2007 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	\$ 53,050,297
Storm Water Utility	26,379,014
Water & Sewer	7,255,571
Parking Systems	8,059,720
Convention Center Complex	<u>1,571,047</u>
	<u>\$ 96,315,649</u>

**CITY OF MIAMI BEACH, FLORIDA**  
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**(Continued)**

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

Interfund balances at September 30, 2007 consist of the following:

Due From	Due To						Total
	General	Resort Tax	Redevelopment Agency	Capital Projects	Other Governmental	Other Enterprise	
General	\$	\$	\$ 1,967,225	\$ 1,533,997	\$ 238,300	\$	\$ 3,739,522
Redevelopment Agency	121,867	368,250			1,092		491,209
Capital Projects			1,472	125,262			126,734
Other Governmental	73,961		2,711				76,672
Water & Sewer				120			120
Parking						8,229	8,229
Other Enterprise	13,029		1,941,819				1,954,848
Internal Service			259,944	4,746	58,028	2,648	325,366
	<u>\$ 208,857</u>	<u>\$ 368,250</u>	<u>\$ 4,173,171</u>	<u>\$ 1,664,125</u>	<u>\$ 297,420</u>	<u>\$ 10,877</u>	<u>\$ 6,722,700</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, 2007 consisted of the following:

Transfer Out	Transfer In								Total
	General	Resort Tax	Redevelopment Agency	Capital Projects	Other Governmental	Water and Sewer	Other Enterprise	Internal Service	
General	\$	\$	\$	20,798,849	8,960,539	4,600,000	\$	3,400,000	\$ 37,759,388
Resort Tax	19,571,310		3,199,320	5,668,668	5,531,567				33,970,865
Redevelopment Agency				20,898,057	9,782,779				30,680,836
Capital Projects		1,950,000		19,765,447					21,715,447
Other Governmental	9,225				1,951,032				1,960,257
Storm Water					5,158		584,000		589,158
Water & Sewer	1,020,000								1,020,000
Parking	550,000				276,135		336,671		1,162,806
Other Enterprise					5,736				5,736
Internal Service					71,210				71,210
	<u>\$ 21,150,535</u>	<u>\$ 1,950,000</u>	<u>\$ 3,199,320</u>	<u>\$ 67,131,021</u>	<u>\$ 26,584,156</u>	<u>\$ 4,600,000</u>	<u>\$ 920,671</u>	<u>\$ 3,400,000</u>	<u>\$ 128,935,703</u>

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

- a. \$19,571,310 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.
- b. \$20,798,849 transferred from the General Fund to the Capital Projects Fund which includes \$7,500,000 transferred for Pay-As-You-Go capital projects and \$12,578,849 for capital reserves.
- c. \$20,898,057 transferred from the Redevelopment Agency Fund (RDA) to the Capital Projects Fund to finance various projects in the RDA City Center District.
- d. \$19,765,447 transferred between various individual capital projects.
- e. \$8,960,539 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.
- f. \$9,782,779 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, 2007, are as follows:

<u>September 30</u>	<u>Business-type Operating Leases</u>	<u>Governmental Operating Leases</u>
2008	\$ 1,305,182	\$ 909,445
2009	1,289,573	869,848
2010	1,217,386	762,674
2011	1,202,948	762,674
2012	1,202,948	731,174
2013 and thereafter	<u>29,121,332</u>	<u>13,764,286</u>
	<u>\$ 35,339,369</u>	<u>\$ 17,800,101</u>

**CITY OF MIAMI BEACH, FLORIDA**  
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The following schedule provides an analysis of the City's investment in property under operating leases and property held for lease by major classes as of September 30, 2007:

Parking facility	\$	2,656,411
Retail space		15,613,081
Marina		<u>5,654,752</u>
		23,924,244
Less: Accumulated depreciation		<u>(9,106,408)</u>
	\$	<u><u>14,817,836</u></u>

**G. Long-Term debt**

**1. General Obligation Bonds – Governmental Activities**

The City issues general obligation bonds to provide funds for the acquisition, construction and improvements of major capital facilities. General obligation bonds have been issued for governmental activities. The amount of outstanding general obligation bonds issued is \$78,620,000.

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, 2007 consist of the following:

Issue Name	Interest Rate	Year Issued	Final Maturity	Original Issue	Outstanding 09/30/2007
General Obligation - Series 1996	3.70-4.50	1997	2007	\$ 15,000,000	\$
1985B Gulf Breeze	4.55-5.40	2000	2013	15,910,000	9,795,000
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>54,735,000</u>
<b>Total General Obligation Bonds</b>				<u><u>\$ 107,465,000</u></u>	<u><u>\$ 78,620,000</u></u>

**CITY OF MIAMI BEACH, FLORIDA**  
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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
2008	\$ 2,535,000	\$ 3,615,557	\$ 6,150,557
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
2013-2017	16,195,000	13,797,836	29,992,836
2018-2022	18,985,000	9,151,544	28,136,544
2023-2027	12,010,000	5,697,856	17,707,856
2028-2032	14,890,000	2,826,869	17,716,869
2033	3,385,000	152,325	3,537,325
	<u>78,620,000</u>	<u>48,692,086</u>	<u>127,312,086</u>
Less: Unamortized Bond Discount	344,819		344,819
	<u>\$ 78,275,181</u>	<u>\$ 48,692,086</u>	<u>\$ 126,967,267</u>

The City's \$15,000,000 General Obligation Bonds, Series 1996, will be repaid solely from ad-valorem taxes assessed, levied and collected. They are registered transcripts, and insured. The bonds were issued to construct, renovate and rebuild parks and recreation facilities within the City's parks system. These bonds were paid off during fiscal year 2007.

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.

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.

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

At September 30, 2007 the outstanding principal of special obligation bond issues and repayment sources are as follows:

Issue Name	Repayment Source	Total Original Issue	Total Outstanding Principal
1996 Resort Tax Revenue Refunding Bonds	2% Resort Tax	\$ 4,095,000	
1985B Gulf Breeze fixed rate	Non Ad-Valorem	2,200,000	1,575,000
1985C Gulf Breeze fixed rate	Non Ad-Valorem	14,301,954	10,125,108
1985E Gulf Breeze fixed rate	Non Ad-Valorem	22,500,000	17,485,000
1994 Sunshine State VRDS	Non Ad-Valorem	30,000,000	3,965,000
1996A Tax Increment Revenue Bonds	RDA Tax increment Revenue	37,500,000	
1996B Tax Increment Revenue Bonds	RDA Tax increment Revenue	7,705,000	
1998A Tax Increment Revenue Bonds	RDA Tax increment Revenue	29,105,000	11,770,000
1998B Tax Increment Revenue Bonds	RDA Tax increment Revenue	9,135,000	615,000
2005 Pension Refunding Bonds	Non Ad-Valorem	53,030,000	48,175,000
2005A Tax Increment Revenue Refunding Bonds	RDA Tax increment Revenue	51,440,000	50,680,000
2005B Tax Increment Revenue Refunding Bonds	RDA Tax increment Revenue	29,300,000	28,580,000
<b>Total Special Obligation Bonds</b>		<b>\$ 290,311,954</b>	<b>\$ 172,970,108</b>

On May 14, 1996 the City issued \$4,095,000 of Resort Tax Refunding Bonds by placing the proceeds of new bonds in an irrevocable trust, to provide for all future debt service payments on the old bonds. The Series 1996 bonds were issued with interest rates of 3.60% to 5.50% payable in annual installments through 2010. On August 15, 2007, the City defeased the Resort Tax Refunding Bonds, Series 1996. As a result, the outstanding balance of \$3,060,000 has been removed from the governmental activities column of the statement of net assets.

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, 2007 was 3.71%. 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 August 1, 1996, the Miami Beach Redevelopment Agency (the "Agency") issued \$37,500,000 (Series 1996A) and \$7,705,000 (Series 1996B) 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 of 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 1996A bonds were issued with interest rates of 7.86% to 8.95% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2006. The Series 1996B bonds were issued with interest rates of 4% to 6.35% payable semiannually on each June 1 and December 1, and will mature serially through December 1, 2006. 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,

**CITY OF MIAMI BEACH, FLORIDA**  
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**(Continued)**

and that any shortage shall be funded based on the supplemental revenue resolution. The Series 1996A and 1996B 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 1996A and Series 1996B bonds fully matured on December 1, 2006.

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 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 of \$12,385,000 at September 30, 2007.

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, 2007, \$69,905,000 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 \$5,764,884 that relates to this debt.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**  
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At September 30, 2007 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
2008	\$ 9,178,056	\$ 8,392,967	\$ 17,571,023
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
2013-2017	59,908,392	24,566,989	84,475,381
2018-2022	54,570,000	9,151,175	63,721,175
2023	8,255,000	212,677	8,467,677
	<u>172,970,108</u>	<u>71,559,192</u>	<u>244,529,300</u>
Plus: Net unamortized Bond Premium	1,311,400		1,311,400
	<u>\$ 174,281,508</u>	<u>\$ 71,559,192</u>	<u>\$ 245,840,700</u>

**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, 2007:

Indebtedness	Balance 10/01/2006	Debt Repaid	Balance 09/30/2007
Bonds	\$ 29,745,068	\$ 1,510,184	\$ 28,234,884
	<u>\$ 29,745,068</u>	<u>\$ 1,510,184</u>	<u>\$ 28,234,884</u>

Parking Revenue Fund indebtedness at September 30, 2007, 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>\$ 1,990,000</u>
\$21,000,000	1997 Special Obligation Bonds due in annual installments through 2022: interest at 4.00% - 5.125%	<u>\$ 20,480,000</u>
\$ 8,143,046	2001 Gulf Breeze Loan Pool due in annual installments through 2015: interest at 3.875% - 4.75%	<u>\$ 5,764,884</u>

At September 30, 2007, \$2,050,000 of bonds outstanding are considered defeased.

**CITY OF MIAMI BEACH, FLORIDA**  
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**SEPTEMBER 30, 2007**  
**(Continued)**

The aggregate maturities of Long-Term Debt at September 30, 2007, are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2008	\$ 1,576,944	\$ 1,390,054	\$ 2,966,998
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	1,894,457	1,069,761	2,964,218
2013-2017	10,181,601	3,843,260	14,024,861
2018-2022	9,395,000	1,492,401	10,887,401
	28,234,884	11,513,004	39,747,888
Less: Unamortized Bond Discount	465,533		465,533
	<u>\$ 27,769,351</u>	<u>\$ 11,513,004</u>	<u>\$ 39,282,355</u>

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.

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

Indebtedness of the Water and Sewer Fund at September 30, 2007 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>\$ 24,215,000</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>

At September 30, 2007, \$30,765,000 of bonds outstanding are considered defeased.

The aggregate maturities of Long-term debt as of September 30, 2007 are as follows:

Fiscal Year Ending September 30	Bonded Debt		
	Principal	Interest	Total
2008	\$ 3,480,000	\$ 5,331,556	\$ 8,811,556
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
2013-2017	25,055,000	20,930,911	45,985,911
2018-2022	32,595,000	13,547,624	46,142,624
2023-2027	19,740,000	7,086,988	26,826,988
2028-2030	14,610,000	1,484,750	16,094,750
	111,025,000	68,210,749	179,235,749
Less: Unamortized Bond Discount	415,242		415,242
	\$ 110,609,758	\$ 68,210,749	\$ 178,820,507



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**SEPTEMBER 30, 2007**  
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**5. Loans**

In October 2001, the City entered into a loan agreement that allows the City to be reimbursed for purchases of machinery and equipment up to a maximum of \$21,000,000. The interest is calculated at funding at ninety day LIBOR rates times 64%, plus spreads for the specified life terms. At September 30, 2007, the City was indebted for \$10,961,723.

The aggregate maturities of loans at September 30, 2007, is as follows:

Fiscal Year Ending September 30	Loans		
	Principal	Interest	Total
2008	\$ 2,507,344	\$ 367,218	\$ 2,874,562
2009	2,155,717	283,222	2,438,939
2010	1,704,708	211,005	1,915,713
2011	1,338,823	153,897	1,492,720
2012	901,034	109,047	1,010,081
2013-2017	2,354,097	168,288	2,522,385
	<u>\$ 10,961,723</u>	<u>\$ 1,292,677</u>	<u>\$ 12,254,400</u>

The above debt has been recorded in the following funds:

Internal Service	\$ 10,616,749
Other Enterprise	344,974
	<u>\$ 10,961,723</u>

**CITY OF MIAMI BEACH, FLORIDA**  
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**6. 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, 2007 the City was indebted for \$939,023.

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, 2007, the outstanding balance on the amount drawn was \$1,680,000. 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, 2007, is as follows:

Fiscal Year Ending September 30	Long-term Obligation	Interest	Total
2008	\$ 668,492	\$ 136,327	\$ 804,819
2009	690,531	102,152	792,683
2010	210,000	72,828	282,828
2011	210,000	60,690	270,690
2012	210,000	48,552	258,552
2013-2015	630,000	72,828	702,828
	<u>\$ 2,619,023</u>	<u>\$ 493,377</u>	<u>\$ 3,112,400</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**  
**(Continued)**

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

Long-term liability activity for the year ended September 30, 2007, was as follows:

**Governmental activities:**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Bonds payable:</b>					
General obligation	\$ 81,822,938	\$	\$ 3,202,938	\$ 78,620,000	\$ 2,535,000
Special obligation	183,436,822		10,466,714	172,970,108	9,178,056
Net unamortized bond premium	1,085,172		118,591	966,581	116,138
Total bonds payable	<u>266,344,932</u>		<u>13,788,243</u>	<u>252,556,689</u>	<u>11,829,194</u>
Due to developer	98,462		98,462	-	
Claims and judgments	19,581,820	7,207,930	5,144,798	21,644,952	6,055,000
Compensated absences	14,894,869	6,123,100	5,260,072	15,757,897	5,260,072
Other obligations	3,266,488		647,465	2,619,023	668,492
Loans payable	<u>12,904,566</u>		<u>2,287,817</u>	<u>10,616,749</u>	<u>2,370,651</u>
Governmental activity Long-term liabilities	<u>\$ 317,091,137</u>	<u>\$ 13,331,030</u>	<u>\$ 27,226,857</u>	<u>\$ 303,195,310</u>	<u>\$ 26,183,409</u>
<b>Business-type activities:</b>					
Revenue bonds payable	\$ 191,665,068	\$	\$ 5,835,184	\$ 185,829,884	\$ 6,141,944
Unamortized bond discount	1,618,275		297,023	1,321,252	103,570
Total bonds payable	<u>190,046,793</u>		<u>5,538,161</u>	<u>184,508,632</u>	<u>6,038,374</u>
Loans payable	494,676		149,702	344,974	136,692
Compensated absences	1,323,177	861,072	750,416	1,433,833	750,416
Deposits	<u>8,992,452</u>	<u>3,920,809</u>	<u>3,826,336</u>	<u>9,086,925</u>	<u>3,826,336</u>
Business-type activity Long-term liabilities	<u>\$ 200,857,098</u>	<u>\$ 4,781,881</u>	<u>\$ 10,264,615</u>	<u>\$ 195,374,364</u>	<u>\$ 10,751,818</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, 2007, \$1,009,514 internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, claims and judgments and compensated absences are generally liquidated by the internal service and general fund respectively.

**CITY OF MIAMI BEACH, FLORIDA  
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**8. Restricted assets**

The balances of the restricted asset accounts in the Enterprise Funds are as follows:

	Storm Water	Water and Sewer	Parking Systems	Convention Center Complex	Other Enterprise Funds	Total
Customer deposits	\$	\$ 6,734,717	\$ 29,456	\$ 2,257,288	\$ 65,464	\$ 9,086,925
Interlocal agreement				12,139,461		12,139,461
Revenue Bonds - construction	38,131,782	51,845,149	10,097,549			100,074,480
Revenue Bonds - debt service	3,572,212	10,212,938	2,969,498			16,754,648
Revenue Bonds - future debt service			1,779,137			1,779,137
<b>Total Restricted Cash</b>	<b>\$ 41,703,994</b>	<b>\$ 68,792,804</b>	<b>\$ 14,875,640</b>	<b>\$ 14,396,749</b>	<b>\$ 65,464</b>	<b>\$ 139,834,651</b>

**9. Subsequent Event**

On February 13, 2008 the City commission approved the refinancing of the existing equipment Loan which has an outstanding balance of \$10,961,723 at September 30, 2007. The amount to be refinanced is \$9,716,855.

In addition, on February 14, 2008 the City received an additional equipment loan of \$345,985 in new money which comprised of \$38,713 for 5-year equipment, \$146,223 for 7-year equipment, and \$161,049 for 10-year equipment.

**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.

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 2007, the City's total property insurance premium cost increased due to appraised property values. The City's windstorm insurance coverage remained at \$10 million due to limited market availability.

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.

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The following are the changes in the funds' claims liability amount during fiscal year 2007 and 2006 respectively:

	<u>2007</u>	<u>2006</u>
Unpaid claims, beginning of year	\$ 19,581,820	\$ 18,287,700
Incurred claims (include incurred but not yet reported)	7,207,930	6,101,370
Less: claim payments	<u>5,144,798</u>	<u>4,807,250</u>
Unpaid claims, end of year	<u>\$ 21,644,952</u>	<u>\$ 19,581,820</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.

**3. Post Retirement Benefits**

The City paid \$3,301,768 for health, \$135,957 for life and \$1,114 for dental insurance coverage for its participating retirees and beneficiaries during the fiscal year ended September 30, 2007. Under City ordinances, retirees hired prior to March 18, 2006 are entitled to 50% of the cost of health, life and dental insurance to be paid by the City. Retirees hired after March 18, 2006 shall receive from the City, a monthly payment towards the cost of continued participation in the City's health insurance plan in the initial amount of \$10 per year of creditable service, up to a maximum of \$250 per month until age 65; and \$5 per year of creditable service up to a maximum of \$125 per month thereafter. The benefit is paid during the lifetime of the retired employee, and shall cease upon the retired employee's death. These expenditures are considered current costs and no provision for future funding has been made.

**CITY OF MIAMI BEACH, FLORIDA  
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**4. 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, 2006 and 2005, membership consisted of:

	<u>As Pro Forma 2006</u>	<u>As Pro Forma 2005</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>1,059</u>	<u>1,042</u>
Current Employees	<u>1,018</u>	<u>736</u>

Principally all full-time classified and unclassified employees of the City, except those who joined the 401(a) Plan, must participate in the Plan. Classified employees in the Plan are segregated into three unions: American Federation of State, County, and Municipal Employees ("AFSCME"), 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

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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.

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 ten years instead of five years and the retirement age will be age 60 instead of age 50.

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.

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**(Continued)**

For the year ended September 30, 2007, the City was required to make contributions of \$4,415,158 or 17.08% of covered payroll and \$1,903,883 or 17.57% of covered payroll, to the former Retirement System for Unclassified Employees and former Retirement System for General Employees Plans, respectively, in accordance with actuarially determined requirements computed through an actuarial valuation performed as of October 1, 2005.

The annual pension costs were \$6,323,167, \$5,500,329 and \$5,082,595 for the fiscal years ended September 30, 2007, 2006 and 2005 respectively.

On February 28, 2006, an actuarial impact statement was performed which increased the required employer contributions of the City for the Plan by \$6,734,190 or 12.72% of combined payroll.

Contributions of \$1,674,339 or 17.28% of covered payroll, and \$3,825,990 or 15.35% of covered payroll were required for the year ended September 30, 2006, based on an actuarial valuation report performed as of October 1, 2004. For the year ended September 30, 2007 and 2006, the employees contributed \$11,484,385 and \$20,865,291, respectively. The September 30, 2006 contributions include migrated pension balances from the City of Miami Beach Employees 401(a) accounts which amounted to \$10,187,256.

The Plan uses the following actuarial valuations at 10/01/06:

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	8.75%
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, 2007, for the Miami Beach Employee' Retirement System is as follows:

Schedule of Employer Contributions

<u>Year Ended September 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2005	\$ 5,082,595	100 %
2006	5,500,329	100
2007	13,053,231	100

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**  
**(Continued)**

**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, 2007, as reported by recognized securities exchanges. Short term obligations are stated at cost which approximates market value. Gains and losses on the sale of investments are based on the first-in, first-out identification method. Dividends and interest are recognized when earned.

ii. Plan Description

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

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**  
**(Continued)**

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, 2007, \$8,214,182 the total amount of the Deferred Retirement Option Plan payable represents the balance of the self-directed participants as all of the participants are now in the self-directed DROP.

At October 1, 2006 and 2005, the plan membership consisted of the following:

	<u>As of October 1, 2006</u>	<u>As of October 1, 2005</u>
Active Members	476	454
Deferred Vested Members	12	10
Retired Members:		
a. Service	410*	395*
b. Disabled	60	60
c. Beneficiaries	<u>90</u>	<u>92</u>
	<u>560</u>	<u>547</u>
Total	<u>1,048</u>	<u>1,011</u>

\* Including members in the DROP

iv. Funding Policy, Contributions Required and Contributions Made.

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

The actual contribution from the City of Miami Beach, and the State of Florida for active employees for the fiscal years ended September 30, 2007 and 2006, amounted to \$15,231,417 and \$14,601,836, respectively and the actual amount of covered payroll was approximately \$46,668,000 and \$43,816,000 respectively.

The contribution required from the City and the State of Florida for the fiscal years ended September 30, 2007 and 2006, were actuarially determined by the October 1, 2005 and 2004 valuation to be \$15,231,417 and \$14,601,836 respectively. The actuarially computed annual covered payroll used in October 1, 2005 and 2004 valuations was \$32,354,015 and \$33,870,786, respectively.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**  
**(Continued)**

The annual pension costs were \$15,231,417, \$14,601,836 and \$11,978,155 for the fiscal years ended September 30, 2007, 2006 and 2005 respectively.

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 10/01/06:

Actuarial Cost Method	Entry age Normal
Amortization Method	Level percentage, closed
Remaining amortization period	25 – 30 years
Asset Valuation Method	Market related value
Actuarial Assumptions:	
Investment rate of return*	8.5%
Projected salary increases	4.53% - 10.17%
Cost of living adjustment	2.5%

\*Includes inflation at: 3.5%

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, 2007, for the Retirement System for Fire Fighters and Police Officers is as follows:

Year Ended September 30,	Annual Required Contribution	Percentage of Annual Pension Cost Contributed
2005	\$ 11,978,155	100%
2006	14,601,836	100%
2007	15,231,417	100%

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, 2007 was \$519,357 for firefighters and \$573,628 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.

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2007**  
**(Continued)**

**d. Defined Contribution Retirement Plan-401(A)**

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

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

The Plan is administrated by a Board of Trustees, which has the general responsibility for the proper operation and management of the Plan. The Plan complies with the provisions of section 401(A) of the Internal Revenue Code of 1986 and may be amended by the City Commission of the City.

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 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 – PEBSO).

Plan information as of and for the fiscal year ended September 30, 2007 is as follows:

Members in the Plan		63
City's contribution	\$250,299	
Percentage of covered payroll		9.14%
Employees' contribution	254,234	
Percentage of covered payroll		9.28%

**e. Financial Statements**

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

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

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

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

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

**REQUIRED SUPPLEMENTARY  
INFORMATION (RSI)**

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

**Miami Beach Employees' Retirement Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b-a)/c
10/1/04	\$ 320,736	\$ 352,105	\$ 31,369	91.1	\$ 34,619	90.6 %
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

**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
10/1/04	\$ 418,089	\$ 512,038	\$ 93,949	81.7	\$ 32,725	287.1 %
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

**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, 2007**  
**(Unaudited)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
<b>Taxes:</b>				
Property	\$ 140,395,903	\$ 140,395,903	\$ 138,665,181	\$ (1,730,722)
Sales, use and fuel taxes	1,789,000	1,789,000	1,767,598	(21,402)
Utility	13,478,300	13,341,776	13,098,395	(243,381)
Local business	3,720,000	3,720,000	3,662,796	(57,204)
Franchise	8,675,000	9,894,741	10,138,123	243,382
Permits	9,217,835	16,104,593	16,039,898	(64,695)
Intergovernmental	9,896,640	10,061,192	10,030,127	(31,065)
Charges for services	6,967,850	7,961,926	8,059,891	97,965
Rents and leases	2,877,995	3,978,248	3,985,054	6,806
Interest income	5,300,000	8,061,952	10,436,732	2,374,780
Fines and forfeits	1,668,000	1,449,179	1,604,800	155,621
Administrative fees	8,489,111	8,489,111	8,507,845	18,734
Other	5,066,153	4,897,877	4,812,752	(85,125)
Total revenues	<u>217,541,787</u>	<u>230,145,498</u>	<u>230,809,192</u>	<u>663,694</u>
<b>Expenditures</b>				
<b>General government:</b>				
Mayor and Commission	1,413,632	1,306,562	1,306,562	
City Manager	2,302,320	2,287,178	2,287,178	
City Clerk	1,647,950	1,482,863	1,482,783	80
Budget and Performance Management	1,957,494	1,859,142	1,859,109	3,033
Finance	4,522,650	4,318,564	4,318,124	440
Human Resources	1,883,543	1,866,714	1,872,442	(5,728)
Procurement	895,222	835,108	835,141	(33)
City Attorney	4,268,067	3,774,598	3,774,603	(5)
Planning	3,141,142	2,951,693	2,808,301	143,392
Media Relations	1,188,552	1,023,334	1,022,191	1,143
Public Works	3,029,360	2,723,912	2,641,940	81,972
Capital Improvement / Upkeep	3,113,952	3,165,265	3,297,787	(132,522)
Special Projects	1,320,586	1,500,735	1,189,031	311,704
Unclassified	11,110,693	11,614,275	11,131,758	482,517
Total general government	<u>41,795,163</u>	<u>40,709,943</u>	<u>39,823,950</u>	<u>885,993</u>
<b>Public safety:</b>				
Ocean Rescue	7,415,419	7,484,617	7,486,042	(1,425)
Building Services	11,490,062	10,667,526	10,916,453	(248,927)
Fire	33,979,645	35,154,114	35,027,170	126,944
Police	72,337,282	71,600,954	71,650,242	(49,288)
Emergency 911	558,000	375,500	705,963	(330,463)
Unclassified	862,000	862,000	814,128	47,872
Total public safety	<u>126,642,408</u>	<u>126,144,711</u>	<u>126,599,998</u>	<u>(455,287)</u>
Physical Environment	2,462,910	2,332,295	2,420,347	(88,052)
Transportation	4,253,312	3,862,916	4,096,867	(233,951)
Economic Environment	1,936,270	1,939,267	1,914,424	24,843
Human Services	1,162,949	1,160,839	1,067,672	93,167
Culture and recreation	30,344,248	28,242,394	27,719,356	523,038
Capital Outlay	2,802,166	3,581,201	2,418,962	1,162,239
<b>Debt service:</b>				
Principal retirement	1,213,622	1,213,622	1,052,465	161,157
Interest and fiscal charges	804,100	804,100	768,570	35,530
Total expenditures	<u>213,417,148</u>	<u>209,991,288</u>	<u>207,882,611</u>	<u>2,108,677</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,124,639</u>	<u>20,154,210</u>	<u>22,926,581</u>	<u>2,772,371</u>
<b>Other financing sources (uses)</b>				
Transfers in	20,121,309	18,390,587	21,150,535	2,759,948
Transfers out	(24,255,948)	(38,554,797)	(37,759,388)	795,409
Sale of capital assets	10,000	10,000	7,417	(2,583)
Total other financing sources	<u>(4,124,639)</u>	<u>(20,154,210)</u>	<u>(16,601,436)</u>	<u>3,552,774</u>
Net change in fund balances			6,325,145	6,325,145
Fund balances - beginning of year	37,817,769	37,817,769	37,817,769	
Fund balances - end of year	<u>\$ 37,817,769</u>	<u>\$ 37,817,769</u>	<u>\$ 44,142,914</u>	<u>\$ 6,325,145</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, 2007**  
**(Unaudited)**

	Resort Tax Revenue Fund			Miami Beach Redevelopment Agency			
	Original and Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance Favorable (Unfavorable)
<b>Revenues</b>							
Resort taxes	\$ 35,284,000	\$ 36,595,885	\$ 1,311,885	\$	\$	\$	\$
Tax increment				33,444,159	33,444,159	34,521,406	1,077,247
Interest income	150,000	199,598	49,598	1,078,396	1,078,396	3,192,248	2,113,852
Other	414,200	867,580	453,380			225,841	225,841
<b>Total revenues</b>	<b>35,848,200</b>	<b>37,663,063</b>	<b>1,814,863</b>	<b>34,522,555</b>	<b>34,522,555</b>	<b>37,939,495</b>	<b>3,416,940</b>
<b>Expenditures</b>							
General government	990,078	958,400	31,678	7,769,258	7,769,258	4,260,589	3,508,669
Public safety				2,506,419	2,506,419	2,037,581	468,838
Economic environment					14,150,000	14,106,676	43,324
Culture and recreation	7,512,196	7,053,889	458,307				
Capital Outlay		214,981	(214,981)	673,996	673,996	619,030	54,966
<b>Total expenditures</b>	<b>8,502,274</b>	<b>8,227,270</b>	<b>275,004</b>	<b>10,949,673</b>	<b>25,099,673</b>	<b>21,023,876</b>	<b>4,075,797</b>
Excess (deficiency) of revenues over (under) expenditures	27,345,926	29,435,793	2,089,867	23,572,882	9,422,882	16,915,619	7,492,737
<b>Other financing sources (uses)</b>							
Transfers in		1,950,000	1,950,000	2,978,500	2,978,500	3,199,320	220,820
Transfers out	(27,345,926)	(33,970,865)	(6,624,939)	(30,911,444)	(30,911,444)	(30,680,836)	230,608
<b>Total other financing sources (uses)</b>	<b>(27,345,926)</b>	<b>(32,020,865)</b>	<b>(4,674,939)</b>	<b>(27,932,944)</b>	<b>(27,932,944)</b>	<b>(27,481,516)</b>	<b>451,428</b>
<b>Net change in fund balances</b>		<b>(2,585,072)</b>	<b>(2,585,072)</b>	<b>(4,360,062)</b>	<b>(18,510,062)</b>	<b>(10,565,897)</b>	<b>7,944,165</b>
Fund balances - beginning of year	8,592,105	8,592,105		40,811,245	40,811,245	40,811,245	
Fund balances - end of year	\$ 8,592,105	\$ 6,007,033	\$ (2,585,072)	\$ 36,451,183	\$ 22,301,183	\$ 30,245,348	\$ 7,944,165

**CITY OF MIAMI BEACH, FLORIDA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2007**  
**(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 1<sup>st</sup>. 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, 2007.

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, 2007**

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 44,371,779	\$ 8,493,771	\$ 52,865,550
Receivables, net	614,762	97,509	712,271
Accrued interest	0	29,732	29,732
Due from other funds	76,672		76,672
Due from other governments	420,328		420,328
	<u>420,328</u>	<u>                    </u>	<u>420,328</u>
Total assets	<u>\$ 45,483,541</u>	<u>\$ 8,621,012</u>	<u>\$ 54,104,553</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,096,920	\$ 4,381	\$ 1,101,301
Accrued expenditures	89,745	7,020	96,765
Unearned/Deferred revenues	78,765		78,765
Due to other funds	297,420		297,420
	<u>297,420</u>	<u>                    </u>	<u>297,420</u>
Total liabilities	<u>1,562,850</u>	<u>11,401</u>	<u>1,574,251</u>
<b>FUND BALANCES</b>			
Reserved for:			
Encumbrances	3,152,437		3,152,437
Debt service		8,609,611	8,609,611
Unreserved	40,768,254		40,768,254
	<u>40,768,254</u>	<u>                    </u>	<u>40,768,254</u>
Total fund balances	<u>43,920,691</u>	<u>8,609,611</u>	<u>52,530,302</u>
Total liabilities and fund balances	<u>\$ 45,483,541</u>	<u>\$ 8,621,012</u>	<u>\$ 54,104,553</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, 2007**

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Property taxes	\$	\$ 6,473,171	\$ 6,473,171
Sales , Use and Fuel Taxes	3,325,722		3,325,722
Other taxes	1,092,985		1,092,985
Federal grants	4,938,487		4,938,487
State grants	205,945		205,945
Grants from other local units	645,308		645,308
Charges for services	112,836		112,836
Fines and forfeitures	332,889		332,889
Impact Fees	6,065,876		6,065,876
Interest income	1,466,334	365,446	1,831,780
Miscellaneous	517,828		517,828
<b>Total revenues</b>	<b>18,704,210</b>	<b>6,838,617</b>	<b>25,542,827</b>
<b>EXPENDITURES</b>			
Current:			
General government	100		100
Public safety	1,521,364		1,521,364
Transportation	2,012,158		2,012,158
Economic environment	5,220,400		5,220,400
Human services	367,756		367,756
Culture and recreation	1,364,078		1,364,078
Capital Outlay	2,605,629		2,605,629
Debt Service:			
Principal	210,000	11,079,824	11,289,824
Interest	107,245	12,102,466	12,209,711
Other		393,709	393,709
<b>Total expenditures</b>	<b>13,408,730</b>	<b>23,575,999</b>	<b>36,984,729</b>
Excess (deficiency) of revenues over (under) expenditures	5,295,480	(16,737,382)	(11,441,902)
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	17,175		17,175
Transfers in	5,443,045	21,141,111	26,584,156
Transfers out	(305,883)	(1,654,374)	(1,960,257)
Transfer to escrow agent		(3,060,000)	(3,060,000)
<b>Total other financing sources</b>	<b>5,154,337</b>	<b>16,426,737</b>	<b>21,581,074</b>
<b>Net change in fund balances</b>	<b>10,449,817</b>	<b>(310,645)</b>	<b>10,139,172</b>
Fund balances - beginning of year	33,470,874	8,920,256	42,391,130
<b>Fund balances - end of year</b>	<b>\$ 43,920,691</b>	<b>\$ 8,609,611</b>	<b>\$ 52,530,302</b>

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

**September 30, 2007**

	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
<b>ASSETS</b>							
Cash and investments	\$ 11,270	\$ 1,488,594	\$ 16,453,035	\$ 7,379,978	\$ 1,226,513	\$ 17,812,389	\$ 44,371,779
Receivables, net			67,350		4,145	543,267	614,762
Due from other funds	75,096					1,576	76,672
Due from other governments	231,539					188,789	420,328
<b>Total assets</b>	<b>\$ 317,905</b>	<b>\$ 1,488,594</b>	<b>\$ 16,520,385</b>	<b>\$ 7,379,978</b>	<b>\$ 1,230,658</b>	<b>\$ 18,546,021</b>	<b>\$ 45,483,541</b>
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Accounts payable	\$ 184,401	\$	\$ 22,274	\$ 86,996	\$ 16,614	\$ 786,635	\$ 1,096,920
Accrued expenditures	8,927	211				80,607	89,745
Unearned/ Deferred revenue		78,765					78,765
Due to other funds	124,577					172,843	297,420
<b>Total liabilities</b>	<b>317,905</b>	<b>78,976</b>	<b>22,274</b>	<b>86,996</b>	<b>16,614</b>	<b>1,040,085</b>	<b>1,562,850</b>
Fund balances:							
Reserved for encumbrances		506,965	36,864	51,550	7,903	2,549,155	3,152,437
Unreserved		902,653	16,461,247	7,241,432	1,206,141	14,956,781	40,768,254
<b>Total fund balances</b>		<b>1,409,618</b>	<b>16,498,111</b>	<b>7,292,982</b>	<b>1,214,044</b>	<b>17,505,936</b>	<b>43,920,691</b>
<b>Total liabilities and fund balances</b>	<b>\$ 317,905</b>	<b>\$ 1,488,594</b>	<b>\$ 16,520,385</b>	<b>\$ 7,379,978</b>	<b>\$ 1,230,658</b>	<b>\$ 18,546,021</b>	<b>\$ 45,483,541</b>

**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, 2007

	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
<b>Revenues:</b>							
Sales, Use and Fuel Taxes	\$	\$	\$	\$	\$	\$ 3,325,722	\$ 3,325,722
Other taxes						1,092,985	1,092,985
Federal grants	2,247,758					2,690,729	4,938,487
State grants						205,945	205,945
Grants from other local units						645,308	645,308
Charges for services						112,836	112,836
Fines and forfeitures					332,889		332,889
Impact Fees			3,966,450	2,099,426			6,065,876
Interest income		74,769	706,555		51,497	633,513	1,466,334
Miscellaneous		196,304				321,524	517,828
<b>Total revenues</b>	<u>2,247,758</u>	<u>271,073</u>	<u>4,673,005</u>	<u>2,099,426</u>	<u>384,386</u>	<u>9,028,562</u>	<u>18,704,210</u>
<b>Expenditures:</b>							
<b>Current:</b>							
General government						100	100
Public safety					238,012	1,283,352	1,521,364
Transportation				695,649		1,316,509	2,012,158
Economic environment	2,019,257	641,273				2,559,870	5,220,400
Human services						367,756	367,756
Culture and recreation						1,364,078	1,364,078
Capital Outlay			336,464	103,318	30,519	2,135,328	2,605,629
Debt Service:							
Principal	210,000						210,000
Interest						107,245	107,245
<b>Total expenditures</b>	<u>2,229,257</u>	<u>641,273</u>	<u>336,464</u>	<u>798,967</u>	<u>268,531</u>	<u>9,134,238</u>	<u>13,408,730</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,501</u>	<u>(370,200)</u>	<u>4,336,541</u>	<u>1,300,459</u>	<u>115,855</u>	<u>(105,676)</u>	<u>5,295,480</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Sale of capital assets					17,175		17,175
Transfers in	283,065					5,159,980	5,443,045
Transfers out	(301,566)	(818)				(3,499)	(305,883)
<b>Total other financing sources (uses)</b>	<u>(18,501)</u>	<u>(818)</u>			<u>17,175</u>	<u>5,156,481</u>	<u>5,154,337</u>
Net change in fund balances		(371,018)	4,336,541	1,300,459	133,030	5,050,805	10,449,817
Fund balances - beginning of year		1,780,636	12,161,570	5,992,523	1,081,014	12,455,131	33,470,874
Fund balances - end of year	<u>\$</u>	<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>

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

September 30, 2007

	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
<b><u>Assets</u></b>							
Cash and investments	\$ 926,192	\$ 10,708	\$ 181,187	\$ 7,214,846	\$ 148,336	\$ 12,502	\$ 8,493,771
Receivables, net	97,509						97,509
Accrued interest	740			28,992			29,732
<b>Total assets</b>	<b><u>\$ 1,024,441</u></b>	<b><u>\$ 10,708</u></b>	<b><u>\$ 181,187</u></b>	<b><u>\$ 7,243,838</u></b>	<b><u>\$ 148,336</u></b>	<b><u>\$ 12,502</u></b>	<b><u>\$ 8,621,012</u></b>
<b><u>Liabilities and fund balances</u></b>							
Liabilities:							
Accounts payable	\$	\$	\$	\$	\$ 4,381	\$	\$ 4,381
Accrued expenditures		5,700			1,320		7,020
<b>Total liabilities</b>		<b><u>5,700</u></b>			<b><u>5,701</u></b>		<b><u>11,401</u></b>
Fund balances:							
Reserved for debt service	1,024,441	5,008	181,187	7,243,838	142,635	12,502	8,609,611
<b>Total fund balances</b>	<b><u>1,024,441</u></b>	<b><u>5,008</u></b>	<b><u>181,187</u></b>	<b><u>7,243,838</u></b>	<b><u>142,635</u></b>	<b><u>12,502</u></b>	<b><u>8,609,611</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 1,024,441</u></b>	<b><u>\$ 10,708</u></b>	<b><u>\$ 181,187</u></b>	<b><u>\$ 7,243,838</u></b>	<b><u>\$ 148,336</u></b>	<b><u>\$ 12,502</u></b>	<b><u>\$ 8,621,012</u></b>

**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, 2007

	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
<b>Revenues</b>							
Property taxes	\$ 6,473,171	\$	\$	\$	\$	\$	\$ 6,473,171
Interest income	14,930		124	350,362		30	365,446
Total revenues	<u>6,488,101</u>		<u>124</u>	<u>350,362</u>		<u>30</u>	<u>6,838,617</u>
<b>Expenditures</b>							
Debt Service:							
Principal	2,820,000	120,000	1,519,824	3,655,000	490,000	2,475,000	11,079,824
Interest	3,722,834	181,456	817,145	4,704,013	165,842	2,511,176	12,102,466
Other	12,311	369,638	10,952			808	393,709
Total expenditures	<u>6,555,145</u>	<u>671,094</u>	<u>2,347,921</u>	<u>8,359,013</u>	<u>655,842</u>	<u>4,986,984</u>	<u>23,575,999</u>
Excess of expenditures over revenues	<u>(67,044)</u>	<u>(671,094)</u>	<u>(2,347,797)</u>	<u>(8,008,651)</u>	<u>(655,842)</u>	<u>(4,986,954)</u>	<u>(16,737,382)</u>
Other financing sources (uses):							
Transfers in		3,207,043	2,497,432	9,782,779	655,842	4,998,015	21,141,111
Transfers out				(1,654,374)			(1,654,374)
Transfer to escrow agent		(3,060,000)					(3,060,000)
Total other financing sources		<u>147,043</u>	<u>2,497,432</u>	<u>8,128,405</u>	<u>655,842</u>	<u>4,998,015</u>	<u>16,426,737</u>
Net change in fund balances	<u>(67,044)</u>	<u>(524,051)</u>	<u>149,635</u>	<u>119,754</u>		<u>11,061</u>	<u>(310,645)</u>
Fund balances at beginning of year	<u>1,091,485</u>	<u>529,059</u>	<u>31,552</u>	<u>7,124,084</u>	<u>142,635</u>	<u>1,441</u>	<u>8,920,256</u>
Fund balances at end of year	<u>\$ 1,024,441</u>	<u>\$ 5,008</u>	<u>\$ 181,187</u>	<u>\$ 7,243,838</u>	<u>\$ 142,635</u>	<u>\$ 12,502</u>	<u>\$ 8,609,611</u>

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

For the Fiscal Years Ended September 30, 2007

	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)
<b>Revenues</b>						
Property taxes	\$ 6,561,271	\$ 6,473,171	\$ (88,100)	\$	\$	\$
Interest income		14,930	14,930		350,362	350,362
Total revenues	<u>6,561,271</u>	<u>6,488,101</u>	<u>(73,170)</u>		<u>350,362</u>	<u>350,362</u>
<b>Expenditures</b>						
Debt Service:						
Principal payments	2,820,000	2,820,000		3,655,000	3,655,000	
Interest payments	3,722,834	3,722,834		4,704,013	4,704,013	
Other	18,437	12,311	6,126			
Total expenditures	<u>6,561,271</u>	<u>6,555,145</u>	<u>6,126</u>	<u>8,359,013</u>	<u>8,359,013</u>	
Excess (deficiency) of revenues over (under) expenditures		<u>(67,044)</u>	<u>(67,044)</u>	<u>(8,359,013)</u>	<u>(8,008,651)</u>	<u>350,362</u>
<b>Other financing sources (uses)</b>						
Transfers in				10,013,387	9,782,779	(230,608)
Transfers out				(1,654,374)	(1,654,374)	
Total other financing sources				<u>8,359,013</u>	<u>8,128,405</u>	<u>(230,608)</u>
Net change in fund balances		(67,044)	(67,044)		119,754	119,754
Fund balances - beginning	1,091,485	1,091,485		7,124,084	7,124,084	
Fund balances - ending	<u>\$ 1,091,485</u>	<u>\$ 1,024,441</u>	<u>\$ (67,044)</u>	<u>\$ 7,124,084</u>	<u>\$ 7,243,838</u>	<u>\$ 119,754</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**September 30, 2007**

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 5,245,829	\$ 5,631,289	\$ 3,899,992	\$ 14,777,110
Accounts receivable (net of allowance for uncollectibles)	1,047,061	4,351	347,903	1,399,315
Due from other governments	157,365			157,365
Due from other funds	1,941,819	13,029		1,954,848
Prepaid expenses		7,000	77,812	84,812
Total current assets	<u>8,392,074</u>	<u>5,655,669</u>	<u>4,325,707</u>	<u>18,373,450</u>
Noncurrent assets:				
Cash and investments				
Customer deposits		5,278	60,186	65,464
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	3,146,197	11,825	9,404	3,167,426
Construction in progress	376,785		6,640	383,425
Less accumulated depreciation	<u>(1,963,652)</u>	<u>(3,358,651)</u>	<u>(256,668)</u>	<u>(5,578,971)</u>
Total capital assets (net of accumulated depreciation)	<u>2,507,349</u>	<u>11,401,977</u>	<u>869,502</u>	<u>14,778,828</u>
Total noncurrent assets	<u>2,507,349</u>	<u>11,407,255</u>	<u>929,688</u>	<u>14,844,292</u>
Total assets	<u>10,899,423</u>	<u>17,062,924</u>	<u>5,255,395</u>	<u>33,217,742</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	723,103	91,315	9,805	824,223
Accrued expenses	118,993	797		119,790
Due to other funds		10,877		10,877
Due to other governments		26,659	15,073	41,732
Loan payable	136,692			136,692
Accrued compensated absences	174,509			174,509
Total current liabilities	<u>1,153,297</u>	<u>129,648</u>	<u>24,878</u>	<u>1,307,823</u>
Noncurrent liabilities:				
Deposits		5,278	60,186	65,464
Accrued compensated absences	296,425			296,425
Loan payable	208,282			208,282
Total noncurrent liabilities	<u>504,707</u>	<u>5,278</u>	<u>60,186</u>	<u>570,171</u>
Total liabilities	<u>1,658,004</u>	<u>134,926</u>	<u>85,064</u>	<u>1,877,994</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,162,375	11,401,977	869,502	14,433,854
Unrestricted	7,079,044	5,526,021	4,300,829	16,905,894
Total net assets	<u>\$ 9,241,419</u>	<u>\$ 16,927,998</u>	<u>\$ 5,170,331</u>	<u>\$ 31,339,748</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, 2007

	Sanitation Fund	Miami Beach Redevelopment Agency's Parking Fund	Miami Beach Redevelopment Agency's Leasing Fund	Totals
Operating revenues:				
Charges for services	\$ 4,882,897	\$ 1,909,657	\$	\$ 6,792,554
Permits, rentals, and other	9,332,507	492,292	671,371	10,496,170
Total operating revenues	<u>14,215,404</u>	<u>2,401,949</u>	<u>671,371</u>	<u>17,288,724</u>
Operating expenses:				
Personal services	5,708,784			5,708,784
Operating supplies	139,474	10,732		150,206
Contractual services	3,896,686	1,282,402	67,432	5,246,520
Utilities	44,307	68,389		112,696
Internal charges	1,241,144			1,241,144
Depreciation	305,891	400,979	33,131	740,001
Administrative fees	264,500			264,500
Other operating	620,506	80,824	45,856	747,186
Total operating expenses	<u>12,221,292</u>	<u>1,843,326</u>	<u>146,419</u>	<u>14,211,037</u>
Operating income	<u>1,994,112</u>	<u>558,623</u>	<u>524,952</u>	<u>3,077,687</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges	(23,586)			(23,586)
Loss on disposal of capital assets	(16,014)			(16,014)
Interest income	322,149	258,375	187,687	768,211
Total nonoperating expenses	<u>282,549</u>	<u>258,375</u>	<u>187,687</u>	<u>728,611</u>
Income before contributions and transfers	<u>2,276,661</u>	<u>816,998</u>	<u>712,639</u>	<u>3,806,298</u>
Capital contributions	(18,213)			(18,213)
Transfers in	920,671			920,671
Transfers out	(5,736)			(5,736)
Change in net assets	<u>3,173,383</u>	<u>816,998</u>	<u>712,639</u>	<u>4,703,020</u>
Total net assets - beginning	<u>6,068,036</u>	<u>16,111,000</u>	<u>4,457,692</u>	<u>26,636,728</u>
Total net assets - ending	<u>\$ 9,241,419</u>	<u>\$ 16,927,998</u>	<u>\$ 5,170,331</u>	<u>\$ 31,339,748</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 2007**

	<b>Sanitation Fund</b>	<b>Miami Beach Redevelopment Agency's Parking Fund</b>	<b>Miami Beach Redevelopment Agency's Leasing Fund</b>	<b>Totals</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 3,431,869	\$ 2,397,985	\$ 677,294	\$ 6,507,148
Cash paid to suppliers	(4,662,079)	(1,371,624)	(42,335)	(6,076,038)
Cash paid to employees	(5,666,477)			(5,666,477)
Internal activity-payments to other funds	(1,505,644)	(69,385)		(1,575,029)
Other operating	10,535,986			10,535,986
Net cash provided by (used in) operating activities	<u>2,133,655</u>	<u>956,976</u>	<u>634,959</u>	<u>3,725,590</u>
<b>Cash flows for non-capital financing activities:</b>				
Transfers in	920,671			920,671
Transfers out	(5,736)			(5,736)
Net cash provided by non-capital financing activities	<u>914,935</u>			<u>914,935</u>
<b>Cash flows from capital and related financial activities:</b>				
Repayment of loan	(149,147)			(149,147)
Interest and fiscal charges	(23,456)			(23,456)
Purchase of capital assets	(1,076,146)		(6,640)	(1,082,786)
Proceeds from sale of capital assets	19,397			19,397
Net cash used in capital and related financial activities	<u>(1,229,352)</u>		<u>(6,640)</u>	<u>(1,235,992)</u>
<b>Cash flows from investing activities:</b>				
Interest on investments	322,149	258,375	187,687	768,211
Net cash provided by investing activities	<u>322,149</u>	<u>258,375</u>	<u>187,687</u>	<u>768,211</u>
Net increase in cash and investments	2,141,387	1,215,351	816,006	4,172,744
Cash and investments - beginning of year	<u>3,104,442</u>	<u>4,421,216</u>	<u>3,144,172</u>	<u>10,669,830</u>
Cash and investments - end of year	<u>\$ 5,245,829</u>	<u>\$ 5,636,567</u>	<u>\$ 3,960,178</u>	<u>\$ 14,842,574</u>
<b>Classified as:</b>				
Current assets	\$ 5,245,829	\$ 5,631,289	\$ 3,899,992	\$ 14,777,110
Restricted assets		5,278	60,186	65,464
Total cash and investments	<u>\$ 5,245,829</u>	<u>\$ 5,636,567</u>	<u>\$ 3,960,178</u>	<u>\$ 14,842,574</u>
<b>Non-cash transactions affecting financial position:</b>				
Capital contributions of capital assets	<u>\$ (18,213)</u>	<u>\$</u>	<u>\$</u>	<u>\$ (18,213)</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, 2007**

(continued)

	<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>
Operating income (loss)	\$ 1,994,112	\$ 558,623	\$ 524,952	\$ 3,077,687
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:				
Depreciation	305,891	400,979	33,131	740,001
Provision for uncollectible accounts	118,166		45,856	164,022
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	7,878	7,917	5,923	21,718
Increase (decrease) in due from other governments	1,203,479			1,203,479
Increase (decrease) in due from other funds	(1,458,906)	(13,029)		(1,471,935)
(Increase) decrease in prepaid expense			10,733	10,733
Increase (decrease) in accounts payable	(79,272)	(26,611)	5,390	(100,493)
Increase (decrease) in accrued expenses	(28,754)	767		(27,987)
Increase (decrease) in deposits		1,148		1,148
Increase (decrease) in due to other governments		16,483	8,974	25,457
Increase (decrease) in due to other funds		10,699		10,699
Increase (decrease) in accrued compensated absences	71,061			71,061
Total adjustments	<u>139,543</u>	<u>398,353</u>	<u>110,007</u>	<u>647,903</u>
Net cash provided by (used in) operating activities	<u>\$ 2,133,655</u>	<u>\$ 956,976</u>	<u>\$ 634,959</u>	<u>\$ 3,725,590</u>

**CITY OF MIAMI BEACH, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**September 30, 2007**

	Fleet Management Fund	Property Management Fund	Central Services Fund	Self Insurance Fund	Communications Fund	Total
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 6,498,711	\$ 683,913	\$ 37,886	\$ 12,169,253	\$ 2,980,830	\$ 22,370,593
Cash with fiscal agent				100,000		100,000
Accounts receivable, net	9,027	10,452		358,794	13,616	391,889
Due from other governments	956	3,839				4,795
Due from other funds	116,858	97,734	7,265	43,231	60,278	325,366
Prepaid expenses				1,271,063		1,271,063
Inventories	146,548	203,970	29,888			380,406
Total current assets	<u>6,772,100</u>	<u>999,908</u>	<u>75,039</u>	<u>13,942,341</u>	<u>3,054,724</u>	<u>24,844,112</u>
Noncurrent assets:						
Capital assets:						
Land	608,520					608,520
Buildings and structures	2,001,269	19,276				2,020,545
Machinery and equipment	33,368,917	3,357,235	145,534	195,948	33,812,806	70,880,440
Construction in progress					476,550	476,550
Less accumulated depreciation	<u>(25,122,394)</u>	<u>(2,380,745)</u>	<u>(107,178)</u>	<u>(70,730)</u>	<u>(22,905,430)</u>	<u>(50,586,477)</u>
Total capital assets (net of accumulated depreciation)	<u>10,856,312</u>	<u>995,766</u>	<u>38,356</u>	<u>125,218</u>	<u>11,383,926</u>	<u>23,399,578</u>
Total noncurrent assets	<u>10,856,312</u>	<u>995,766</u>	<u>38,356</u>	<u>125,218</u>	<u>11,383,926</u>	<u>23,399,578</u>
Total assets	<u>17,628,412</u>	<u>1,995,674</u>	<u>113,395</u>	<u>14,067,559</u>	<u>14,438,650</u>	<u>48,243,690</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	269,737	167,073	49,534	661,278	1,347,277	2,494,899
Accrued expenses	28,612	183,623	9,756	17,740	113,497	353,228
Accrued compensated absences	40,022	162,045	6,422	17,260	160,532	386,281
Loan payable	1,823,025				547,626	2,370,651
Pending insurance claims				6,055,000		6,055,000
Total current liabilities	<u>2,161,396</u>	<u>512,741</u>	<u>65,712</u>	<u>6,751,278</u>	<u>2,168,932</u>	<u>11,860,059</u>
Noncurrent liabilities:						
Accrued compensated absences	115,395	52,044	47,248	77,799	330,747	623,233
Loan payable	3,895,782				4,350,316	8,246,098
Pending insurance claims				3,076,779		3,076,779
Insurance claims incurred but not reported				12,513,173		12,513,173
Total noncurrent liabilities	<u>4,011,177</u>	<u>52,044</u>	<u>47,248</u>	<u>15,667,751</u>	<u>4,681,063</u>	<u>24,459,283</u>
Total liabilities	<u>6,172,573</u>	<u>564,785</u>	<u>112,960</u>	<u>22,419,029</u>	<u>6,849,995</u>	<u>36,119,342</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	5,137,505	995,766	38,356	125,218	6,485,984	12,782,829
Unrestricted	6,318,334	435,123	(37,921)	(8,476,688)	1,102,671	(658,481)
Total net assets	<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>

**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, 2007**

	<u>Fleet Management Fund</u>	<u>Property Management Fund</u>	<u>Central Services Fund</u>	<u>Self Insurance Fund</u>	<u>Communications Fund</u>	<u>Total</u>
Operating revenues:						
Charges for services	\$ 7,458,111	\$ 8,774,698	\$ 785,742	\$ 16,883,909	\$ 11,513,973	\$ 45,416,433
Miscellaneous	124,383	12,514		185,125	4,937	326,959
Total operating revenues	<u>7,582,494</u>	<u>8,787,212</u>	<u>785,742</u>	<u>17,069,034</u>	<u>11,518,910</u>	<u>45,743,392</u>
Operating expenses:						
Personal services	1,508,774	4,107,058	367,570	584,184	4,229,595	10,797,181
Operating supplies	3,201,894	939,321	1,233	8,501	364,803	4,515,752
Contractual services	100,159	1,760,085	296,436	1,005,969	2,742,142	5,904,791
Utilities	66,978	921,164	2,266	1,054	1,076,159	2,067,621
Internal charges	771,655	714,824	96,359	35,664	842,727	2,461,229
Administrative fees	105,800	79,350	25,000	674,481	79,350	963,981
Depreciation	3,432,152	329,645	4,755	18,495	2,944,575	6,729,622
Insurance				7,739,447		7,739,447
Claims and judgements				7,207,929		7,207,929
Other operating	55,185	11,205	59,075	1,658	296,326	423,449
Total operating expenses	<u>9,242,597</u>	<u>8,862,652</u>	<u>852,694</u>	<u>17,277,382</u>	<u>12,575,677</u>	<u>48,811,002</u>
Operating income (loss)	<u>(1,660,103)</u>	<u>(75,440)</u>	<u>(66,952)</u>	<u>(208,348)</u>	<u>(1,056,767)</u>	<u>(3,067,610)</u>
Nonoperating revenues (expenses):						
Interest and fiscal charges	(285,222)		(768)		(239,985)	(525,975)
Gain (loss) on sale of capital assets	255,993	2,573			(638)	257,928
Interest income	357,781	19,532		421,946	100,318	899,577
Total nonoperating revenues (expenses)	<u>328,552</u>	<u>22,105</u>	<u>(768)</u>	<u>421,946</u>	<u>(140,305)</u>	<u>631,530</u>
Income (loss) before contributions and transfers	<u>(1,331,551)</u>	<u>(53,335)</u>	<u>(67,720)</u>	<u>213,598</u>	<u>(1,197,072)</u>	<u>(2,436,080)</u>
Capital contributions	315,696	168,743		12,774	485,043	982,256
Transfers in				2,000,000	1,400,000	3,400,000
Transfers out		(4,750)	(2,704)	(4,233)	(59,523)	(71,210)
Change in net assets	<u>(1,015,855)</u>	<u>110,658</u>	<u>(70,424)</u>	<u>2,222,139</u>	<u>628,448</u>	<u>1,874,966</u>
Net assets--beginning	<u>12,471,694</u>	<u>1,320,231</u>	<u>70,859</u>	<u>(10,573,609)</u>	<u>6,960,207</u>	<u>10,249,382</u>
Net assets--ending	<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>

**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, 2007

	Fleet Management Fund	Property Maintenance Fund	Central Services Fund	Self Insurance Fund	Communications Fund	Totals
<b>Cash flows from operating activities:</b>						
Cash received from users	\$ 7,458,111	\$ 8,774,698	\$ 783,542	\$ 16,525,115	\$ 11,498,100	\$ 45,039,566
Cash paid to suppliers	(4,433,561)	(3,684,582)	(343,059)	(8,787,191)	(3,818,477)	(21,066,870)
Cash paid to employees	(1,552,955)	(4,088,314)	(357,944)	(594,193)	(4,191,435)	(10,784,841)
Cash paid for claims and judgements				(5,144,798)		(5,144,798)
Internal charges-payments to other funds	(877,455)	(794,174)	(121,359)	(710,145)	(922,077)	(3,425,210)
Other operating	55,879	(74,473)		185,125	4,937	171,468
<b>Net cash provided by (used in) operating activities</b>	<u>650,019</u>	<u>133,155</u>	<u>(38,820)</u>	<u>1,473,913</u>	<u>2,571,048</u>	<u>4,789,315</u>
<b>Cash flows for non-capital financing activities:</b>						
Transfers in				2,000,000	1,400,000	3,400,000
Transfers out		(4,750)	(2,704)	(4,233)	(59,523)	(71,210)
<b>Net cash provided by (used in) non-capital financing activities</b>		<u>(4,750)</u>	<u>(2,704)</u>	<u>1,995,767</u>	<u>1,340,477</u>	<u>3,328,790</u>
<b>Cash flows from capital and related financial activities:</b>						
Repayment of loan	(1,773,458)				(514,965)	(2,288,423)
Interest and fiscal charges	(292,529)		(768)		(239,985)	(533,282)
Purchase of capital assets	(2,299,266)	(79,028)	(42,963)	(121,599)	(3,603,725)	(6,146,581)
Proceeds from sale of capital assets	263,924	2,573			5,791	272,288
<b>Net cash used in capital and related financial activities</b>	<u>(4,101,329)</u>	<u>(76,455)</u>	<u>(43,731)</u>	<u>(121,599)</u>	<u>(4,352,884)</u>	<u>(8,695,998)</u>
<b>Cash flows from investing activities:</b>						
Interest on investments	357,781	19,532		421,946	100,318	899,577
<b>Net cash provided by investing activities</b>	<u>357,781</u>	<u>19,532</u>		<u>421,946</u>	<u>100,318</u>	<u>899,577</u>
<b>Net increase (decrease) in cash and investments</b>	<u>(3,093,529)</u>	<u>71,482</u>	<u>(85,255)</u>	<u>3,770,027</u>	<u>(341,041)</u>	<u>321,684</u>
Cash and investments - beginning of year	9,592,240	612,431	123,141	8,499,226	3,321,871	22,148,909
<b>Cash and investments - end of year</b>	<u>\$ 6,498,711</u>	<u>\$ 683,913</u>	<u>\$ 37,886</u>	<u>\$ 12,269,253</u>	<u>\$ 2,980,830</u>	<u>\$ 22,470,593</u>
<b>Classified as:</b>						
Cash and investments-current	\$ 6,498,711	\$ 683,913	\$ 37,886	\$ 12,269,253	\$ 2,980,830	\$ 22,470,593
<b>Non-cash transactions affecting financial position:</b>						
Capital contributions of capital assets	<u>\$ 315,696</u>	<u>\$ 168,743</u>		<u>\$ 12,774</u>	<u>\$ 485,043</u>	<u>\$ 982,256</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, 2007**

(continued)

	<u>Fleet Management Fund</u>	<u>Property Maintenance Fund</u>	<u>Central Services Fund</u>	<u>Self Insurance Fund</u>	<u>Communications Fund</u>	<u>Totals</u>
Operating income (loss)	\$ (1,660,103)	\$ (75,440)	\$ (66,952)	\$ (208,348)	\$ (1,056,767)	\$ (3,067,610)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	3,432,152	329,645	4,755	18,495	2,944,575	6,729,622
Provision for uncollectible accounts					(1,635)	(1,635)
Changes in assets and liabilities:						
(Increase) decrease in inventories	11,763	8,418				20,181
(Increase) decrease in accounts receivable	38,669	8,749		(358,794)	39,256	(272,120)
(Increase) decrease in due from other funds	(106,217)	(91,897)	(2,200)	(21,662)	(53,494)	(275,470)
Increase in due from other governments	(956)	(3,839)				(4,795)
Increase in prepaid expense				(417,769)		(417,769)
Increase (decrease) in accounts payable	(1,021,108)	(61,225)	15,951	407,396	718,834	59,848
Increase (decrease) in accrued compensated absences	(27,431)	(51,586)	9,784	(1,781)	37,476	(33,538)
Increase in pending insurance claims				429,841		429,841
Increase in insurance claims incurred but not reported				1,633,291		1,633,291
Increase (decrease) in accrued expenses	(16,750)	70,330	(158)	(6,756)	(57,197)	(10,531)
Total adjustments	<u>2,310,122</u>	<u>208,595</u>	<u>28,132</u>	<u>1,682,261</u>	<u>3,627,815</u>	<u>7,856,925</u>
Net cash provided by (used in) operating activities	<u>\$ 650,019</u>	<u>\$ 133,155</u>	<u>\$ (38,820)</u>	<u>\$ 1,473,913</u>	<u>\$ 2,571,048</u>	<u>\$ 4,789,315</u>

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

**September 30, 2007**

	Employees' Retirement System	Retirement System for Firefighters and Police Officers	Firemen's Relief and Pension Fund *	Policemen's Relief and Pension Fund	Totals
<b>Assets</b>					
Cash and cash equivalents	\$ 6,360,027	\$ 20,000	\$ 256,218	\$ 9,668	\$ 6,645,913
Accrued interest receivable	533,599	2,935,283	57,627	30,288	3,556,797
Contribution receivable	209,672	165,985	1,716,327		2,091,984
Other receivables	313,734				313,734
Prepaid insurance				5,239	5,239
Investments, at fair value:					
Short-term investments		6,000,000		336,427	6,336,427
U.S. Government securities	13,495,275	75,539,671	2,649,482	1,717,761	93,402,189
Corporate bonds and notes	26,606,172	141,859,122	1,271,477	698,648	170,435,419
Common stocks and index funds	51,670,353	234,726,015	5,270,927	4,476,589	296,143,884
Aggregated bond funds	90,995,990				90,995,990
Aggregated equity funds	240,051,303	84,382,602			324,433,905
Money market funds		5,260,968			5,260,968
Real estate funds		20,672,358			20,672,358
Mutual funds self-directed DROP participants		8,214,181			8,214,181
Total investments	<u>422,819,093</u>	<u>576,654,917</u>	<u>9,191,886</u>	<u>7,229,425</u>	<u>1,015,895,321</u>
<b>Total assets</b>	<u>430,236,125</u>	<u>579,776,185</u>	<u>11,222,058</u>	<u>7,274,620</u>	<u>1,028,508,988</u>
<b>Liabilities</b>					
Accounts payable	<u>515,440</u>	<u>8,582,624</u>		<u>12,000</u>	<u>9,110,064</u>
<b>Total liabilities</b>	<u>515,440</u>	<u>8,582,624</u>		<u>12,000</u>	<u>9,110,064</u>
<b>Net Assets</b>					
Held in trust for pension benefits	<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>

\* Balance at June 30, 2006

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

**For the Fiscal Year Ended September 30, 2007**

	Employees' Retirement System	Retirement System for Firefighters and Police Officers	Firemen's Relief and Pension Fund *	Policemen's Relief and Pension Fund	Totals
<b>Additions:</b>					
Contributions -					
Employer	\$ 13,053,231	\$ 15,110,868	\$	\$	\$ 28,164,099
Employee	11,473,239	4,666,837			16,140,076
State of Florida		120,549	1,666,447	502,958	2,289,954
Buybacks/transfers from other systems		527,445			527,445
Other	11,146		228	2,653	14,027
<b>Total contributions</b>	<b>24,537,616</b>	<b>20,425,699</b>	<b>1,666,675</b>	<b>505,611</b>	<b>47,135,601</b>
Investment income -					
Net increase in fair value of investments	52,758,436	57,642,643	859,069	870,559	112,130,707
Interest and dividends income	5,559,442	16,740,779	290,068	180,603	22,770,892
	58,317,878	74,383,422	1,149,137	1,051,162	134,901,599
Investment management expenses	(781,776)	(2,110,527)	(27,296)	(22,523)	(2,942,122)
<b>Net investment income</b>	<b>57,536,102</b>	<b>72,272,895</b>	<b>1,121,841</b>	<b>1,028,639</b>	<b>131,959,477</b>
<b>Total additions</b>	<b>82,073,718</b>	<b>92,698,594</b>	<b>2,788,516</b>	<b>1,534,250</b>	<b>179,095,078</b>
<b>Deductions:</b>					
Benefit paid	25,589,393	32,241,728	994,725	1,118,285	59,944,131
Contributions refunded	611,742	125,574			737,316
Administrative expenses	641,817	646,589	20,041	67,318	1,375,765
<b>Total deductions</b>	<b>26,842,952</b>	<b>33,013,891</b>	<b>1,014,766</b>	<b>1,185,603</b>	<b>62,057,212</b>
<b>Net increase</b>	<b>55,230,766</b>	<b>59,684,703</b>	<b>1,773,750</b>	<b>348,647</b>	<b>117,037,866</b>
Net assets held in trust for pension benefits - beginning of year	374,489,919	511,508,858	9,448,308	6,913,973	902,361,058
<b>Net assets held in trust for pension benefits - end of year</b>	<b>\$ 429,720,685</b>	<b>\$ 571,193,561</b>	<b>\$ 11,222,058</b>	<b>\$ 7,262,620</b>	<b>\$ 1,019,398,924</b>

\* For the period ended June 30, 2006

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

**For the Fiscal Year Ended September 30, 2007**

	September 30, 2006	Additions	Deductions	September 30, 2007
<u>Assets</u>				
Cash and investments	\$ 3,723,142	\$ 74,567,084	\$ 71,707,350	\$ 6,582,876
Accounts receivable	41,768	1,454,869	1,297,274	199,363
<b>Total Assets</b>	<u>\$ 3,764,910</u>	<u>\$ 76,021,953</u>	<u>\$ 73,004,624</u>	<u>\$ 6,782,239</u>
<u>Liabilities</u>				
Accounts payable	\$ 526,100	\$ 67,861,626	\$ 67,185,297	\$ 1,202,429
Deposits	3,238,810	82,894,735	80,553,735	5,579,810
<b>Total Liabilities</b>	<u>\$ 3,764,910</u>	<u>\$ 150,756,361</u>	<u>\$ 147,739,032</u>	<u>\$ 6,782,239</u>

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

**September 30, 2007**

	Miami Beach Visitor and Convention Authority	Miami Beach Health Facilities Authority	Total
<b>Assets</b>			
Cash and investments	\$ 2,260,586	\$ 293,882	\$ 2,554,468
Accounts receivable	185,024	225,590	410,614
Capital assets, net of accumulated depreciation	40,649		40,649
Total assets	<u>2,486,259</u>	<u>519,472</u>	<u>3,005,731</u>
<b>Liabilities</b>			
Accounts payable	4,619		4,619
Accrued expenses	422,917		422,917
Total liabilities	<u>427,536</u>		<u>427,536</u>
<b>Net Assets</b>			
Invested in capital assets	40,649		40,649
Unrestricted	2,018,074	519,472	2,537,546
Total net assets	<u>\$ 2,058,723</u>	<u>\$ 519,472</u>	<u>\$ 2,578,195</u>

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

**For the Fiscal Year Ended September 30, 2007**

	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Assets</b>		<b>Totals</b>
	<b>Expenses</b>	<b>Operating Grants and Contributions</b>	<b>Visitor and Convention Authority</b>	<b>Health Facilities Authority</b>	
<b>Miami Beach Visitor and Convention Authority</b>					
Cultural - grant program	\$ 1,090,616	\$ 52,000	\$ (1,038,616)	\$	\$ (1,038,616)
General administrative	232,547		(232,547)		(232,547)
<b>Total Miami Beach Visitor and Convention Authority</b>	<u>1,323,163</u>	<u>52,000</u>	<u>(1,271,163)</u>		<u>(1,271,163)</u>
<b>Miami Beach Health Facilities Authority</b>					
General administrative	5,421			(5,421)	(5,421)
<b>Total component units</b>	<u>\$ 1,328,584</u>	<u>\$ 52,000</u>			<u>(1,276,584)</u>
General revenues:					
Resort tax allocation			1,443,100		1,443,100
Financing fees				111,800	111,800
Interest			71,807	296	72,103
Total general revenues			<u>1,514,907</u>	<u>112,096</u>	<u>1,627,003</u>
Change in net assets			243,744	106,675	350,419
Net assets - beginning			1,814,979	412,797	2,227,776
Net assets - ending			<u>\$ 2,058,723</u>	<u>\$ 519,472</u>	<u>\$ 2,578,195</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 SIX FISCAL YEARS**  
*(accrual basis of accounting - Unaudited)*

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Governmental activities</b>						
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
Restricted	72,627,548	71,828,095	83,373,860	97,309,826	96,933,608	93,796,180
Unrestricted	48,712,498	9,319,319	4,587,330	4,204,977	54,787,021	103,833,704
<b>Total governmental activities net assets</b>	<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>
<b>Business-type activities</b>						
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
Restricted				12,919,888	28,977,432	28,894,110
Unrestricted	100,091,722	102,118,142	118,799,978	106,422,259	112,344,279	122,077,059
<b>Total business-type activities net assets</b>	<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>
<b>Primary government</b>						
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
Restricted	72,627,548	71,828,095	83,373,860	110,229,714	125,911,040	122,690,290
Unrestricted	148,804,220	111,437,461	123,387,308	110,627,236	167,131,300	225,910,763
<b>Total primary government net assets</b>	<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>

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

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Expenses</b>						
<b>Governmental activities:</b>						
General government	\$ 25,829,313	\$ 23,628,047	\$ 28,795,043	\$ 39,320,007	\$ 43,639,010	\$ 48,188,199
Public safety	84,602,292	91,078,245	100,472,672	110,402,334	121,678,913	133,068,393
Physical environment	2,895,202	2,740,147	2,740,147	4,377,740	4,088,447	2,418,815
Transportation	8,983,603	9,529,725	11,602,611	10,665,887	6,833,673	10,187,046
Economic environment	8,501,119	7,587,709	4,053,188	6,875,706	232,748	22,006,137
Human services	1,495,853	1,546,396	1,480,826	2,323,336	1,639,731	1,436,987
Culture and recreation	31,672,707	29,579,662	36,793,315	36,739,715	40,286,229	38,301,266
Interest on long-term debt	16,334,853	16,051,074	17,369,760	19,284,911	12,991,581	13,570,730
Business-type activities:						
Stormwater	180,264,942	181,698,026	203,247,592	230,066,546	225,452,332	269,179,573
Water	4,020,379	3,968,799	4,891,358	4,665,458	4,353,932	5,421,124
Sewer	14,939,612	15,615,833	17,266,977	17,872,606	20,974,262	21,124,609
Parking	25,460,076	24,948,514	23,854,749	25,074,812	23,747,056	25,818,887
Convention Center	15,172,305	16,739,868	17,459,943	19,147,189	20,378,613	22,826,900
Other	13,469,379	15,615,399	15,022,623	16,895,954	18,139,037	16,365,554
Business-type activities expenses	7,270,318	7,756,058	8,855,196	10,620,399	17,005,334	14,324,409
Total governmental activities expenses	80,332,059	84,644,471	87,350,846	94,066,218	104,599,254	107,881,283
Total primary government expenses	260,597,011	266,342,487	290,598,438	324,153,064	330,050,586	377,060,856
<b>Program Revenues</b>						
<b>Governmental activities:</b>						
Charges for services:	\$ 35,255,949	\$ 41,295,615	\$ 46,629,758	\$ 46,766,945	\$ 51,142,547	\$ 56,384,016
Operating grants and contributions	9,526,279	12,003,130	17,874,829	24,260,946	45,361,039	40,520,024
Capital grants and contributions	3,929,445	2,529,706	1,719,812	1,718,649	2,464,239	1,883,176
Total governmental activities program revenue	48,711,673	55,828,451	66,224,399	72,748,540	98,967,825	98,787,216
<b>Business-type activities:</b>						
Charges for services:	81,990,080	84,667,139	87,138,892	93,377,696	94,110,233	98,015,026
Operating grants and contributions	7,885,883	9,627,672	11,075,929	20,459,284	18,749,928	18,517,963
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
Total primary government program revenue	138,587,636	150,123,262	179,439,220	186,580,520	211,827,986	215,320,195
<b>Net (Expense)/Revenue</b>	\$ (131,553,269)	\$ (125,869,570)	\$ (137,023,193)	\$ (157,336,306)	\$ (126,484,507)	\$ (170,392,357)
<b>Governmental activities</b>	9,543,894	9,650,340	25,863,975	19,765,762	8,261,907	8,651,696
<b>Business-type activities</b>	(122,009,375)	(116,219,235)	(111,159,218)	(137,572,544)	(118,222,600)	(161,740,661)
<b>General Revenues and Other Changes in Net Assets</b>						
<b>Governmental activities:</b>						
<b>Taxes</b>						
Property taxes	\$ 63,314,474	\$ 71,191,120	\$ 79,064,889	\$ 89,653,321	\$ 120,679,428	\$ 145,594,729
Resort taxes	21,021,618	24,002,336	27,406,669	32,112,039	34,266,010	36,595,885
Tax increment	20,751,466	23,705,214	31,351,525	29,814,708	24,934,704	34,521,406
Utility taxes	13,348,286	12,481,722	12,436,407	12,785,676	12,996,995	13,099,389
Local business tax	3,216,121	3,259,541	3,663,374	3,598,803	3,679,971	3,662,796
Miscellaneous	8,918,392	9,965,739	107,920	224,200	169,664	118,640
Unrestricted investment earnings	5,300,943	3,399,593	4,649,415	8,163,573	13,696,366	22,674,807
Gain or (loss) on disposal of capital assets	(213,893)			(25,839,322)		257,928
Transfers	1,336,594	1,863,604	4,421,623	925,797	(654,166)	(3,310,095)
Total governmental activities	136,974,971	149,868,869	163,101,822	151,438,795	209,769,932	253,214,491
<b>Business-type activities:</b>						
Unrestricted investment earnings	5,581,455	6,536,766	6,344,916	6,895,744	6,403,497	9,930,008
Loss on disposal of capital assets	(6,871)					(12,949)
Transfers	(1,336,594)	(1,863,604)	(4,421,623)	(925,797)	654,166	3,310,095
Total, business-type activities	4,238,000	4,673,162	1,923,293	5,969,947	7,057,663	13,227,154
Total primary government	141,212,971	154,542,031	165,025,115	157,408,742	216,827,595	266,441,645
<b>Change in Net Assets</b>						
<b>Governmental activities</b>	\$ 5,421,702	\$ 23,989,294	\$ 26,078,629	\$ (5,899,511)	\$ 83,285,425	\$ 82,822,134
<b>Business-type activities</b>	13,781,894	14,323,502	27,787,268	25,735,709	15,319,570	21,878,850
<b>Total primary government</b>	\$ 19,203,596	\$ 38,322,796	\$ 53,865,897	\$ 19,836,198	\$ 98,604,995	\$ 104,700,984

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Fund</b>										
Reserved	\$ 759,218	\$ 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
Unreserved	13,710,859	19,319,828	24,508,329	25,092,399	26,869,846	26,982,549	29,457,359	34,647,776	36,688,932	42,406,855
Total general fund	\$ 14,470,077	\$ 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
<b>All Other Governmental Funds</b>										
Reserved	\$ 14,932,139	\$ 10,844,232	\$ 11,612,658	\$ 13,014,935	\$ 31,225,271	\$ 33,769,368	\$ 37,170,427	\$ 30,916,933	\$ 32,287,596	\$ 59,563,178
Unreserved, reported in:										
Special revenue funds	7,848,214	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
Capital projects fund	54,934,569	46,228,487	69,432,948	77,937,850	49,012,669	92,031,329	81,069,050	76,768,194	138,518,580	143,690,512
Total all other governmental funds	\$ 77,714,922	\$ 75,304,104	\$ 107,466,898	\$ 128,503,296	\$ 114,375,941	\$ 170,284,558	\$ 168,123,576	\$ 211,215,266	\$ 250,764,684	\$ 279,921,792

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Taxes	\$ 91,378,724	\$ 101,249,573	\$ 111,936,040	\$ 121,361,896	\$ 130,306,537	\$ 148,424,948	\$ 156,600,667	\$ 168,843,857	\$ 197,067,924	\$ 239,203,139
Franchise fees	6,627,409	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
Permits	8,119,683	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
Intergovernmental	16,228,048	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
Charges for services	5,999,608	6,442,465	7,254,522	10,214,631	3,852,911	6,956,702	7,655,072	7,640,117	7,476,404	8,172,727
Rents & leases	937,310	940,731	1,272,651	1,395,175	2,111,845	3,980,075	5,544,185	2,948,474	3,190,274	3,985,054
Interest	7,696,734	8,082,323	8,987,845	10,228,765	4,898,871	3,148,635	4,478,882	7,979,609	13,272,632	21,775,230
Fines and forfeitures	1,203,373	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
Administrative fees	7,567,896	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
Impact fees	887,421	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
Other revenues	7,313,934	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
<b>Total revenues</b>	<b>153,960,140</b>	<b>166,189,487</b>	<b>181,154,962</b>	<b>196,567,663</b>	<b>198,475,470</b>	<b>216,941,377</b>	<b>227,608,772</b>	<b>249,083,838</b>	<b>307,631,694</b>	<b>354,220,928</b>
<b>Expenditures</b>										
General government	18,283,711	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
Public safety	61,807,053	64,164,996	67,191,160	73,861,795	80,517,633	89,038,942	97,018,702	108,222,980	119,027,153	130,158,943
Physical environment	1,137,695	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
Transportation	4,254,646	4,210,852	5,730,066	5,881,028	5,884,156	6,032,825	5,463,443	7,300,392	5,029,124	6,109,025
Economic environment	28,664,258	16,283,449	19,922,509	23,147,260	23,481,387	24,528,718	14,164,911	10,635,422	4,963,596	22,741,500
Human services	1,319,429	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
Culture and recreation	18,597,410	20,053,650	20,547,893	22,085,980	24,816,696	27,410,140	30,309,135	31,845,348	37,984,917	36,137,323
Capital Outlay	23,730,228	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
Debt service										
Principal	12,085,000	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
Interest	13,853,074	16,304,486	15,627,593	16,143,147	16,315,401	15,916,328	17,468,552	20,036,401	12,314,686	13,371,990
<b>Total expenditures</b>	<b>183,732,504</b>	<b>163,386,079</b>	<b>176,039,239</b>	<b>222,122,452</b>	<b>215,743,109</b>	<b>228,800,330</b>	<b>230,859,033</b>	<b>245,622,978</b>	<b>263,198,219</b>	<b>309,631,506</b>
Excess of revenue over (under) expenditures	(29,772,364)	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
<b>Other Financing Sources (Uses)</b>										
Refunding Bond Issued								135,726,047		
Payment to refunding bond escrow agent								(137,712,609)		
Transfer to escrow agent										(3,060,000)
Proceeds of debt issuance	53,297,029		30,000,000	47,240,342		62,465,000				
Proceeds from loan						1,042,000				
Sale of assets	4,250				448,005			2,957,930		
Proceeds from sale of land and building								1,844,513	34,183	24,592
Transfers in	61,932,386	35,171,142	36,161,780	71,749,238	44,804,824	60,360,472	58,686,788	66,683,853	142,081,583	120,015,032
Transfers out	(60,502,728)	(34,234,628)	(35,147,883)	(70,014,879)	(43,398,768)	(55,858,054)	(57,109,847)	(64,165,287)	(144,440,066)	(126,086,793)
<b>Total other financing sources (uses)</b>	<b>54,730,937</b>	<b>936,514</b>	<b>31,013,897</b>	<b>48,974,701</b>	<b>1,854,061</b>	<b>68,009,418</b>	<b>1,576,941</b>	<b>45,232,549</b>	<b>(2,324,300)</b>	<b>(9,107,169)</b>
<b>Net change in fund balances</b>	<b>\$ 24,958,573</b>	<b>\$ 3,739,922</b>	<b>\$ 36,129,620</b>	<b>\$ 23,419,912</b>	<b>\$ (15,413,578)</b>	<b>\$ 56,150,465</b>	<b>\$ (1,673,320)</b>	<b>\$ 48,693,409</b>	<b>\$ 42,109,175</b>	<b>\$ 35,482,253</b>
Debt service as a percentage of noncapital expenditures	19.35%	22.75%	20.66%	40.19%	18.00%	17.61%	17.15%	17.92%	12.32%	10.54%

**CITY OF MIAMI BEACH, FLORIDA**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,**  
**LAST SIX 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 <sup>A</sup>	\$	\$	\$	\$	\$	\$	8.376
2002 <sup>A</sup>							8.376
2003 <sup>A</sup>							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

**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.

<sup>A:</sup> 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 <sup>A</sup>			Total
	Operating Millage	Debt Service Millage	Total Direct Millage	School District Millage	County Millage	State Millage	
1998	7.499	1.711	9.210	10.462	7.268	0.747	27.687
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

**Source:** Miami-Dade County, Florida; Department of Property Appraisal  
2006 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.

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

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

2007			1997		
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./Lowes Hotel	\$ 233,789,306	1.03 %	Hotelerama Assoc., Ltd.	88,051,861	1.44 %
MCZ/ Centrum Flamingo II	218,662,600	0.96	Roney Plaza Assoc., Ltd.	46,500,000	0.76
Micheal S. Angell Tr/Fontainebleau	121,634,513	0.53	Richard & Alan Morton Towers	40,085,375	0.66
DiLido Beach Hotel Corp.	89,000,000	0.39	Portofino Real Estate Fund	36,548,585	0.60
Sandy Lane Residential LLC	77,837,325	0.34	IHC/ Miami Beach Corp.	30,000,000	0.49
MCZ/ Centrum Flamingo I	69,900,000	0.31	Tri-County Community Hospital	25,800,000	0.42
Royal Palm Hotel LLC	66,378,633	0.29	5600 Collins Corp.	21,370,790	0.35
City Natl Bank of Florida	61,000,000	0.27	Suncoast Towers South Assoc.	18,800,000	0.31
Philips S Beach LTD/Shore Club	60,530,168	0.27	Forte Towers South Inc.	17,000,000	0.28
South Gate Apartments	50,000,000	0.22	South Gate Towers	15,000,000	0.25
	<u>\$ 1,048,732,545</u>	<u>4.61 %</u>		<u>\$ 339,156,611</u>	<u>5.56 %</u>

**Source:** 2007 and 1997 Miami-Dade County, Florida Ad Valorem Assessment Roll for the City of Miami Beach.

**CITY OF MIAMI BEACH, FLORIDA  
PROPERTY TAX LEVIES AND COLLECTIONS,  
FISCAL YEARS 1996 THRU 2005**

Tax Year (1)	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$ 54,155,090	\$ 55,496,245 (2)	102.4 %	\$ N/A	\$ 55,506,751	102.5 %
1997	57,000,248	57,193,099 (2)	100.3	N/A	57,219,660	100.4
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	2,088,980	82,549,465	98.8
2003	93,492,337	90,447,232	96.7	1,671,828	92,119,060	98.5
2004	109,298,076	107,543,916	98.4	2,702,869	110,246,785	100.9
2005	133,573,759	131,074,911	98.1	801,161	131,876,072	98.7
2006	164,807,822	161,325,469	97.9		161,325,469	97.9

Source: City of Miami Beach Certification of Taxable Value.

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

N/A - Information not available

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

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	Other Obligation			
1998	\$ 42,635	\$ 3,940	\$ 19,215	\$ 25,470	\$ 52,555	\$ 109,885	\$	\$	\$	\$	\$ 253,700
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
											Total

**Business-type activities**

Fiscal Year	Business-type activities					Total Business Activities	Total Primary Government	Debt per Capita
	Storm Water Revenue Bonds	Water and Sewer Revenue Bonds	Parking Revenue Bonds/Loans	Loan Payable	Capital Leases			
1998	\$	\$ 53,350	\$ 30,030	\$	\$	\$ 83,380	\$ 337,080	\$ 3.63
1999		51,280	29,320			80,600	325,906	3.49
2000		103,425	28,565		2,357	134,367	426,783	4.54
2001		101,160	27,820		1,866	183,016	446,785	5.08
2002		97,455	34,396	883	1,320	184,766	429,470	4.87
2003		49,864	95,055	33,166	795	179,631	472,607	5.31
2004		48,976	95,531	31,879	240	177,248	467,777	5.15
2005		48,049	89,876	30,537	561	169,023	464,814	5.08
2006		47,076	113,839	29,132	495	190,542	473,058	5.06
2007		46,130	110,610	27,769	345	184,854	449,680	4.88

**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 begin 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.

**CITY OF MIAMI BEACH**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING,**  
**FISCAL YEARS 1998 THRU 2007**  
*(in thousands of dollars)*

Fiscal Year	General Obligation Bonds	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property <sup>A</sup>	Per Capita
1998	\$ 42,635	\$ 6,413,421	0.66 %	\$ 0.46
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

**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.

<sup>A</sup>: 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				
	1998	1999	2000	2001	2002
Debt limit	\$ 962,013,275	\$ 1,131,122,196	\$ 1,131,122,196	\$ 1,232,832,050	\$ 1,383,512,145
Total net debt applicable to limit	2,091,867	757,807	757,807	1,256,416	30,975,211
Legal Debt margin	<u>\$ 959,921,408</u>	<u>\$ 1,130,364,389</u>	<u>\$ 1,130,364,389</u>	<u>\$ 1,231,575,634</u>	<u>\$ 1,352,536,934</u>
Total net debt applicable to the limit as a percentage of debt limit	0.22%	0.07%	0.07%	0.10%	2.24%

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt limit	\$ 1,561,322,746	\$ 1,778,109,377	\$ 2,078,715,000	\$ 2,584,651,615	\$ 3,338,693,748
Total net debt applicable to limit	87,161,948	82,062,643	86,269,623	80,348,515	77,595,559
Legal Debt margin	<u>\$ 1,474,160,798</u>	<u>\$ 1,696,046,734</u>	<u>1,992,445,377</u>	<u>2,504,303,100</u>	<u>3,261,098,189</u>
Total net debt applicable to the limit as a percentage of debt limit	5.58%	4.62%	4.15%	3.11%	2.32%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value	\$ 22,257,958,320
Debt limit (15% of assessed value)	3,338,693,748
Debt applicable to limit:	
General obligation bonds	78,620,000
Less: Amount set aside for repayment of general obligation debt	<u>1,024,441</u>
Total net debt applicable to limit	<u>77,595,559</u>
Legal debt margin	<u>\$ 3,261,098,189</u>

**CITY OF MIAMI BEACH, FLORIDA  
REVENUE BOND COVERAGE,  
FISCAL YEARS 1998 THRU 2007**

Fiscal Year	Revenue	Less: Operating Expenses	Net available Revenue	Debt Service		Coverage
				Principal	Interest	
<b>Parking Revenue Bonds</b>						
1998	14,571,340	7,101,849	7,469,491	640,000	1,581,361	3.36
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	1,576,944	1,390,054	4.66

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

<b>Water &amp; Sewer Revenue Bonds</b>						
1998	40,534,718	30,065,285	10,469,433	1,985,000	2,849,389	2.17
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	2,875,000	4,913,488	1.92
2007	51,181,355	36,816,705	14,364,650	3,480,000	5,331,556	1.63

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

<b>Stormwater Revenue Bonds</b>						
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	1,085,000	2,484,422	2.18

**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.

<b>Resort Tax Revenue Bonds</b>						
1998	15,320,868		15,320,868	80,000	219,806	51.10
1999	19,228,067		19,228,067	85,000	216,526	63.77
2000	22,154,270		22,154,270	90,000	212,786	73.17
2001	23,684,024		23,684,024	95,000	208,736	77.98
2002	21,021,618		21,021,618	95,000	204,366	70.22
2003	24,002,336		24,002,336	100,000	199,901	80.03
2004	27,405,669		27,405,669	105,000	195,101	91.32
2005	32,112,039		32,112,039	110,000	189,956	107.06
2006	34,265,010		34,265,010	120,000	184,456	112.55
2007	36,595,885		36,595,885	125,000	178,456	120.60

**Note:** Resort tax bonds were defeased during fiscal year 2007.

**Note:** Revenue includes operating revenues. There are no contractual expenditures for the Resort Tax Fund.

<b>Redevelopment Agency Tax Increment Revenue Bonds</b>						
1998	18,078,178	500,000	17,578,178	990,000	4,990,891	2.94
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

**Note:** Revenue includes tax increment and resort tax pledged revenues of \$33,234,429 in fiscal year 2007. Operating expenditure is limited to \$500,000.

**CITY OF MIAMI BEACH, FLORIDA  
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
SEPTEMBER 30, 2007**

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<b>DIRECT DEBT</b>		
General obligation indebtedness		
Public improvement bonds (net of amount available)		\$ 77,595,559
Non-self-supporting indebtedness: (1)		
Gulf Breeze Government Loan Program	29,185,108	
Sunshine State Loan Program	3,965,000	
Pension Obligation Bonds	48,175,000	
Tax Increment Revenue Bonds	91,645,000	
	<u>172,970,108</u>	
Less: Reserve funds	7,585,170	
Total non-self-supporting indebtedness		<u>165,384,938</u>
Total direct indebtedness		<u>242,980,497</u>
<b>OVERLAPPING DEBT (2)</b>		
Miami-Dade County		
Total general obligation indebtedness	472,236,000	
Percent applicable to City - 10.7199% (3)		50,623,227
Total school district obligation indebtedness	541,525,000	
Percent applicable to City - 10.7199% (3)		58,050,938
Total net non-self-supporting indebtedness	1,667,665,410	
Percent applicable to City - 10.7199% (3)		<u>178,772,064</u>
Total overlapping debt		<u>287,446,229</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>		<b>\$ <u>530,426,726</u></b>

- (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 2006 assessed valuation figures for the City and Dade County.

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

Fiscal Year	Miami Beach Population	Miami-Dade County					
		Personal Income (thousands of dollars) <sup>A</sup>	Per Capita Personal Income <sup>A</sup>	Auto Tags	Bank Deposits (Thousands)	Public School Enrollment	Unemployment Rate
1997	\$ 92,927	\$	<sup>A</sup> \$ 21,888	2,421,725	\$ 34,081	332,216	7.1 %
1998	93,464		<sup>A</sup> 23,216	2,401,647	36,230	337,103	6.5
1999	94,012		<sup>A</sup> 24,050	2,392,339	39,633	343,653	5.8
2000	87,933		<sup>A</sup> 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	27,074	1,916,980	51,297	366,287	7.7
2003	90,846	64,631	27,670	2,008,064	56,264	365,829	7.8
2004	91,540	68,583	29,076	2,094,012	9,296,694	422,401	4.7
2005	93,535		<sup>A</sup>	<sup>A</sup> 2,094,012	11,179,546	427,449	3.7
2006	92,145		<sup>A</sup>	<sup>A</sup> 2,183,782	12,819,002	428,229	3.2

**Source:** Florida Statistical Abstract, 2007

<sup>A</sup> Data not available

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

Ten Largest Public Employers					
<u>Employer</u>	2007			1997	
	<u>Employees</u>	<u>Rank</u>	Percentage of Total County Employment <sup>A</sup>	<u>Employees</u>	<u>Rank</u>
Miami-Dade County Public Schools	50,000	1	4.69 %	33,658	1
Miami-Dade County	32,000	2	2.82	28,000	2
Federal Government	20,400	3	1.91	17,600	4
Florida State Government	17,000	4	1.72	17,700	3
Jackson Memorial Hospital	10,500	5	0.98	7,216	5
Miami-Dade Community College	6,500	6	0.51	2,668	8
City of Miami	4,034	7	0.37	3,189	6
Florida International University	3,132	8	0.33	2,775	7
Miami VA Medical Center	2,300	9	0.23	2,610	9
City of Miami Beach	1,979	10	0.17	1,620	10

Ten Largest Private Employers					
<u>Employer</u>	2007			1997	
	<u>Employees</u>	<u>Rank</u>	Percentage of Total County Employment	<u>Employees</u>	<u>Rank</u>
Publix Supermarkets	11,000	1	1.00 %	3,000	9
Baptist Health South Florida	10,826	2	0.88	3,275	6
University of Miami	9,874	3	0.84	7,574	2
American Airlines	9,000	4	0.47	9,000	1
Precision Response Corporation	6,000	5	0.45		
Bellsouth Corporation	5,500	6	0.43	5,000	3
Winn- Dixie Stores	4,833	7	0.39	2,672	10
Florida Power & Light	3,900	8	0.38	3,400	4
Carnival Cruise Lines	3,500	9	0.34		
Burdines-Macy's	3,368	10	0.32	3,400	5
Kmart				3,000	8
Mount Sinai Health Center				3,228	7

**Source:** Employer and employees information provided by the Beacon Council. Percentage of total County employment was calculated based on total County employment of 1,115,164 as presented in the 2007 Florida Statistical Abstract.

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

2007

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Mt. Sinai/ Miami Heart	3,233	6.87 %
City of Miami Beach	2,011	4.27
Loews Miami Beach Hotel	906	1.93
Delano Hotel	450	0.96
Joe's Stone Crab	350	0.74
Wyndham Miami Beach Resort	350	0.74
Shore Club	320	0.68
LNR Property Corp	315	0.67
Marriot South Beach	150	0.32
Rui Florida Beach Resort	115	0.24
	<u>8,200</u>	<u>17.42 %</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 47,064 for 2007 as presented in the City's 2007/2008 Budget.

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

Function/Program	Full-time Equivalent Employees as of September 30					
	2002	2003	2004	2005	2006	2007
<b>General government:</b>						
Mayor and commission	21	20	20	20	20	20
City manager	14	14	13	13	13	13
Office of communications	2	2	2	2	8	9
Budget and performance improvement	19	18	18	20	20	21
Finance	43	43	43	43	45	46
Information technology	37	37	40	41	44	46
Human resources	19	18	16	17	17	18
Labor relations		2	2	2	2	3
Risk Management	7	6	6	6	6	6
City clerk	20	20	19	19	17	17
Procurement	10	10	9	9	9	10
City attorney	24	24	22	22	22	22
<b>Economic Development and Cultural Arts:</b>						
Economic development	9	9	8	8	7	7
Building <sup>A</sup>	56	56	63	63	71	79
Planning	26	26	26	26	28	29
Tourism & cultural development	11	11	12	13	14	13
Bass museum	10	9	8	8	8	8
<b>Operations:</b>						
Neighborhood services	65	68	63	63	65	67
Parks & recreation <sup>B</sup>	220	231	186	187	195	205
Public works	56	57	55	185	192	193
Sanitation	109	123	103	114	148	179
Property management	73	66	65	66	71	71
Capital improvement projects	24	24	24	27	31	31
Parking	107	109	106	108	111	116
Sewer	43	43	40	41	42	42
Stormwater	19	22	23	23	25	25
Water	72	72	71	69	69	69
Fleet management	28	28	25	24	24	24
<b>Public safety:</b>						
Police - Officers	381	366	382	385	386	403
Police - Civilians	165	155	146	153	164	166
Fire - Officers	201	205	205	207	208	207
Fire - Civilians	17	18	18	17	23	21
Ocean rescue <sup>B</sup>			77	68	68	76
<b>Total</b>	<b>1,908</b>	<b>1,912</b>	<b>1,923</b>	<b>2,067</b>	<b>2,171</b>	<b>2,262</b>

Source: City of Miami Beach Budget Department

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

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

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

Function/Program	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>General government:</b>						
Mayor and commission						
Ordinances approved	52	55	35	40	36	43
Resolutions approved	660	328	268	268	322	296
City manager						
Responses to resident inquiries/complaints	654	680	650	650	N/A	N/A
Office of communications						
Answer Center calls	18,000	33,600	55,733	50,295	65,559	69,588
Service Requested	5,436	7,852	9,407	11,814	13,050	6,649
Completed Service Request	5,327	7,258	9,243	N/A	12,750	6,646
Interactive Use of City Website	N/A	N/A	35,549	53,527	95,936	96,460
Budget and performance improvement						
Audits performed	393	367	317	258	254	266
Grants awarded	\$ 6,109,633	\$ 2,529,270	\$ 1,800,000	\$ 1,186,464	\$ 3,410,086	\$ 2,065,480
Finance						
Utility customer accounts	10,750	10,000	10,500	10,500	10,500	10,059
Licenses issued	6,400	6,500	6,600	6,500	7,330	8,000
Lien statements	3,454	3,300	3,150	3,400	3,850	3,942
Annual resort tax accounts	1,265	1,300	1,352	1,375	1,127	1,119
Human resources						
Employees	1,827	1,834	1,845	1,900	1,879	1,870
Hires	260	260	364	328	363	314
Building						
Building and trade permits processed/issued	15,989	20,128	19,093	17,940	18,348	13,943
Certificates	727	788	726	780	622	736
Tourism & cultural development						
Film & print and special events permits	1,640	1,566	1,700	1,583	1,280	1,563
Bass Museum Visitors	19,000	22,000	50,000	36,749	19,211	25,210
Convention Center/Theater Events	305	299	240	518	661	859
<b>Operations:</b>						
Parks & recreation						
Summer Camp	2,340	2,819	2,114	2,241	2,515	2,587
After and Play School Participants	2,558	3,371	2,650	2,410	2,400	882
Athletics	1,051	1,018	940	1,020	1,253	1,442
Pool Attendance	28,000	65,437	66,000	79,135	119,800	161,176
Golf course patrons	n/a	30,655	37,152	42,923	44,252	44,078
Engineering						
Right-of-Way permits issued	794	890	1,100	900	N/A	1,092
Utility permits issued	184	370	410	400	N/A	N/A
Sanitation						
Mobile street sweeping (annual mileage)	58,400	56,940	56,940	56,940	56,940	56,940
Litter Cans	N/A	1,316	2,000	2,050	2,095	2,335
Sewer						
Cleaning and inspection of sewer lines	733,300	710,000	100,000	800,000	1,217,202	1,182,000
Stormwater						
Storm sewers cleaned	137,000	140,000	140,000	140,000	233,000	88,000
Deteriorated storm sewers replaced	266	275	275	200	80	15
Water						
New-metered service taps and installations	650	700	600	550	196	113
Water Meter readings	14,200	15,800	14,300	12,400	14,300	15,525
Streets & Streetlighting						
Asphalt restoration (potholes)	3,403	3,000	3,000	3,000	2,700	1,202
Roads and alleys repaved (linear feet)	3,232	16,000	8,000	12,000	7,000	11,100
Sidewalk repaced (square feet)	37,000	30,000	40,000	30,000	38,000	63,000
Curb and gutter replaced (linear feet)	432	1,000	3,000	2,000	1,200	9,000
Fleet Management						
Fuel consumed - diesel and unleaded (gallons)	751,000	802,306	810,000	825,000	777,827	820,913
Preventive maintenance jobs	2,361	2,642	2,868	2,876	2,699	2,932
Police						
Total number of arrests	8,697	9,684	10,290	10,185	12,887	14,954
Traffic Violations	25,316	25,742	44,174	45,524	58,615	52,976
Parking Violations	8,467	7,773	26,763	33,497	27,465	12,546
Fire						
Emergency responses	14,730	13,406	13,000	14,700	13,532	16,794
Inspections	1,477	1,800	2,925	3,710	3,956	3,000
Ocean rescue - victims rescued	518	895	900	281	313	680

N/A - Information not available

Source: Various City of Miami Beach departments.

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

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

Source: Various City of Miami Beach departments.

