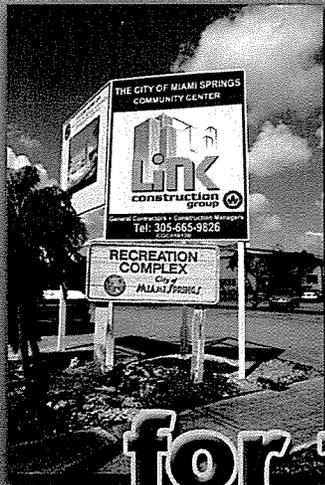
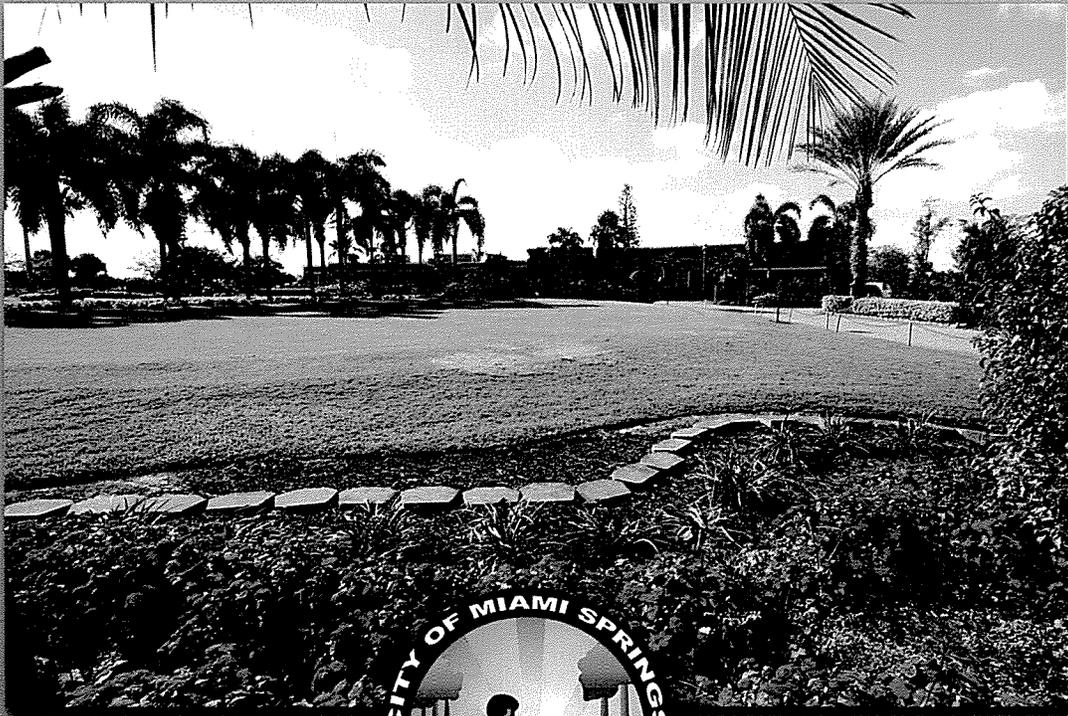
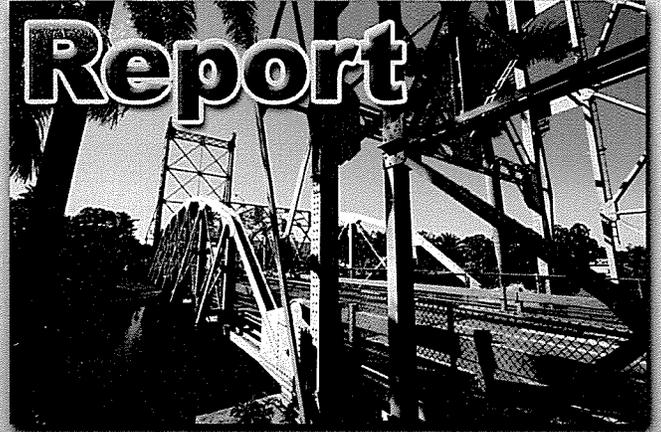


Comprehensive Annual Financial Report



for the Fiscal Year
Ended Sept. 30, 2008

CITY OF MIAMI SPRINGS, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2008

Prepared By The
Finance Department

CITY OF MIAMI SPRINGS, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Miami Springs
Florida

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

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



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

President

A handwritten signature in black ink, reading "Jeffrey R. Emer", is written above the title "Executive Director".

Executive Director



LETTER OF TRANSMITTAL

CITY OF MIAMI SPRINGS



James Borgmann
City Manager

Office of the City Manager
201 Westward Drive
Miami Springs, FL 33166-5289
Phone: (305) 805-5000

March 19, 2009

To the Citizens of the City of Miami Springs:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the City of Miami Springs, Florida, for the fiscal year ended September 30, 2008, pursuant to Section 218.39 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and the City Charter. The financial statements included in this report conform to generally accepted accounting principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The financial statements have been audited by Alberni Caballero & Castellanos, L.L.P. Certified Public Accountants. The independent auditor has issued an unqualified opinion that this report fairly represents the financial position of the City in conformity with GAAP.

PROFILE OF THE GOVERNMENT

The City of Miami Springs is a political subdivision of the State of Florida located in Miami-Dade County and was incorporated in 1926. The City operates under a Council/Manager form of government in which the City elects five council members, one of whom is the Mayor, every two years. The City Council determines the policies that guide the City's operations and hires a City Manager to implement and administer these policies on a full-time basis.

Miami Springs provides a full range of municipal services including police, parks and recreation facilities, solid waste collection, water distribution/wastewater (thru September 3rd 2008), collection, stormwater, senior center, building and zoning, planning, code enforcement, and the golf course and country club.

The annual budget serves as the foundation for the City of Miami Springs' financial planning and control. All departments of the City are required to submit proposed budgets to the City Manager, who then makes any necessary revisions. The City Manager presents to the City Council for their review, a budget estimate of the expenditures and revenues of all the City's departments and divisions. Two public hearings are then conducted to inform taxpayers of the proposed budget, to receive their comments, and respond to their budget questions. A majority affirmative vote of the City Council is needed to adopt the budget, which is legally enacted prior to October 1st by the adoption of a Resolution. The City Manager and Finance Director may recommend amendments to the budget for adjustments within a department, but the City Council must approve all other budget adjustments as well as any supplemental appropriations. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and is subject to future appropriations. Budgetary control is maintained at the fund level, except for the General Fund, which is maintained at the departmental level. Budget-to-actual comparisons are provided in this report for each major individual governmental fund for which an appropriated annual budget has been adopted. All non-major governmental funds with appropriated annual budgets are presented in the combining and individual fund section of this report, which starts on page 60.

ECONOMIC CONDITION AND OUTLOOK

The City of Miami Springs is located in Southeast Florida, Miami-Dade County, immediately north and bordering the Miami International Airport. The City, primarily residential in nature, comprises approximately 2.8 square miles with approximately 14,000 full-time residents. The southern-most area of the City, located along the 36th Street business corridor, is commercial in nature with hotels, restaurants and office complexes. These facilities primarily service the airport and support industries related to the facility and its employees.

The City of Miami Springs has been successful in providing a high quality of life for its residents, by enhancing the level of services being offered. In addition to the increased efforts to enhance services, the City has also provided increased benefits to its employees, as recognition of the fact that, in order to continue to provide these valuable services, it must retain and reward its valuable employees.

During January, 2008, the City was notified that its bond rating from Standard and Poor's was maintained at "BBB+ with a positive outlook". The City maintained its previous "investment-grade" rating based on the strong financial progress being made by the City, especially with the water and sewer and golf operations. The maintenance of the "BBB+/Positive Outlook" reflects the positive results from the City's efforts to reverse the negative financial trend of past years and maintain our investment grade rating. According to Standard & Poor, the City will be reviewed midyear, 2009.

Our external auditors have also performed the State required financial condition assessment for the fiscal year ending September 30, 2008; the overall rating for FY2008 continues to be "Favorable". This is also a significant achievement in the improvement of the City's financial condition from previous years and provides an additional indication that the efforts of the City Council and the current administration is paying off.

The City Council and the Administration both recognize the importance of expanding its commercial tax base for future economic health and to reduce the tax burden on the residents. To this end, residents of the City will vote on the question of annexation on April 7th, 2009. A city council resolution recommending annexation was a unanimous 5-0 vote for annexation. The Administration estimates that additional Ad Valorem revenues will result in a percentage structural change from the present 90%Residential-10%Commercial to a 50%Residential-50%Commercial. The annexation of primarily commercial properties west of the City would amount to approximately \$4.6 million. The additional cost to the City for added services is estimated at \$2.3 million. Due to the added revenue, residents could realize a significant reduction to the millage rate they currently pay. The City is also aggressively pursuing the re-development of the NW 36th Street corridor, and the improvement of the downtown district ("the Circle").

On September 3rd, 2008, after several years of negotiations with Miami-Dade County, the sale and transfer of the City's water and sewer utility was completed. At the time of the sale, the utility was operating at a profit however long-term costs of approximately \$40 million in infrastructure repairs and improvements would have been required within the next 10 years. This would have led to additional rate increases for the residents of the City who were already paying the highest water and sewer rates of any municipality in the County. Under the county's administration, residents can expect to see a net savings on their future utility bills.

Municipal Golf Courses rarely break even; however, the City continues to fine-tune the steps to achieve this goal so as to reduce the amount of support from the General Fund. In the current fiscal year, that included the outsourcing of most greens and grounds maintenance. The City has already seen higher revenues over previous years due to improvements to the greens that have attracted more golfers. But a sharp increase in fuel costs in the current fiscal year negatively impacted maintenance costs and contributed to the less than expected results in 2008. Staffing levels have been adjusted for fiscal year 2009, and the administration continues to closely monitor operating expenditures of the fund.

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 increased the \$25,000 homestead exemption by another \$25,000 for property values of from \$50,000 to \$75,000, except for school district taxes. 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 became effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which became effective on January 1, 2009.

The most recent information received from the Miami-Dade County Property Appraiser's Office, indicates that the higher homestead exemption, \$25,000 tangible personal property tax exemption, and portability of the homestead assessment differential, amounts to approximately \$84.1 million in lower taxable property values to the residents of the City (impact of amendment 1). Actual taxes levied by the City in 2008 reflected a slight drop of 1.5% from the \$6.9 million levied in 2007. It is further expected that assessed values within the City will decline considerably due to the current economic downturn and the impact of the housing bubble that could further reduce revenues at the current millage rate.

LONG TERM FINANCIAL PLAN

During the 2005 fiscal year, Miami-Dade County voters approved a bond issue which provides municipalities within the County with funding for specific capital improvement projects. The City of Miami Springs was initially informed that it would receive approximately \$1.5 million toward the construction or renovation of the City's gymnasium. During Fiscal Year 2008, the Administration and Council aggressively pursued additional funding for the project and was rewarded with an additional allocation from the bond issue of \$2 million towards the construction of an entirely new facility. The City secured the remaining funding for the \$6.2 million project via a \$2.5 million loan backed by the pledge of future sales tax revenues. Ground breaking on the new facility is scheduled for March 2009.

After hiring a full-time grant writer in FY2008, the City has seen a steady stream of grant awards to-date. The City recognizes that grant funding is a vital part of any program whether operating or capital improvement in nature. Grants awarded in 2008 total more than \$244,000 that does not include an additional \$287,750 that is still pending approval as of this date. Grant awards secured in 2008 will provide the majority of the funding for needed repairs and improvements currently planned for the City's Senior Center. The City also hired a lobbyist for the first time in 2008 which resulted in a net return of \$456,000.

FINANCIAL INFORMATION

City Management 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 in the United States of America. 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.

As a recipient of federal, state and local financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management. In addition, the City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with policy and implementation provisions embodied in the annual appropriated budget approved by the City Council. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the departmental level within each fund. The City also maintains an encumbrance accounting system.

The City's *accounting system* is organized on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds used are generally determined by the City Council upon the recommendations of the City Manager and the Finance Director which is based upon established and accepted accounting policies and procedures as well as the number of funds required.

CASH MANAGEMENT

The City of Miami Springs is charged with the security of the City's funds and assets with the goal of maximizing return on surplus or idle cash. Cash management policies are clearly identified in the adopted budget documents along with regulations defined by the laws of the State of Florida. The City's primary investment instruments for Fiscal Year 2007-08 are certificates of deposits and money market instruments. The principal focus of cash management is to first ensure the safety of the City's cash and then maximize the return on the City's investments. No investment is made for any commitment period exceeding six months. During FY2008, the City earned \$346,861 in investment income, as compared to \$587,701 earned in fiscal year 2007. The decline can be directly attributed to lower yields due to market conditions as well as the impact of funds that were frozen in the State Board of Administration's (SBA) Local Government Investment, Pool B. The City's investment in the SBA has been reduced from \$4,665,575 at September 30th, 2007, to \$226,655 at September 30th, 2008. The 2008 balance excludes an unrealized loss of \$45,696 which was also a contributing factor in the lower investment income.

DEBT ADMINISTRATION

The City's outstanding long-term debt obligation now consists primarily of one tax-exempt bond instrument: the General Obligation Bond, series 1997 with a face value on September 30, 2008 of \$3,110,000. On September 3rd 2008, City received confirmation that the Revenue Refunding and Improvement Bonds, series 1998 (refunding the previously recorded utility Revenue Bond, series 1994) had been fully defeased as part of the City's transfer of its water and sewer operation to Miami-Dade County.

On October 1, 2002, the City signed a non-interest bearing promissory note (the "Note") with the Florida Department of Transportation (the "FDOT") in the amount of \$1,239,390 for the cost of relocating water and sewer utility lines located in the FDOT's right of way related to the "Lejeune Flyover Project". Under the terms of the note, the City was required to make 180 monthly payments of \$6,885 beginning on October 2002. However, if the total project costs upon completion were lower or greater than the original amount of the note, a new promissory note would be executed for the final project costs less payments made by the City as of the date of project completion. On February 1, 2005, a new non-interest bearing replacement promissory note was signed by the City in the amount of \$608,429. Under the terms of the new replacement note, the City is required to make 151 monthly installments of \$4,003 beginning February 1, 2005. As a requirement of the City's transfer of its water and sewer operation to Miami-Dade County, the balance of the promissory note, \$436,307, was paid in full on August 27th, 2008. Confirmation of the payoff was received from FDOT on August 28th, 2008.

In 2003, The Federal Emergency Management Agency, in conjunction with Miami-Dade County (the "County"), commenced a canal dredging project which was to be paid by various municipalities based on a local match responsibility allocation. In 2005, the County updated its cost estimates and the City's responsibility was determined to be \$414,578. On December 20, 2005, the City executed an interlocal agreement with Miami-Dade County for the repayment of this debt. Under the terms of this agreement, the note will be repaid by the City in ten annual payments of \$41,458 plus interest, commencing December 20, 2006 and ending with a final payment on December 20, 2015. The note bears interest at a variable rate. At September 30, 2008, the rate was 4.51% and the outstanding balance was \$331,662.

On May 1, 2006, the City executed a \$500,000 Capital Improvement Revenue Note with Wachovia Bank. The Note has an interest rate of 4.22%, matures on May 1, 2011, and is collateralized by all legally available non ad-valorem revenues of the City. Proceeds were used for the renovation and improvement of the City's golf course at a cost of \$150,000, \$200,000 to replace restrooms at the City's parks, and \$150,000 for upgrading City hall security. Under the terms of the Note, the City is required to make twenty (20) quarterly payments of principal and interest in the amount of \$27,861 commencing on August 1, 2006 and ending with the final payment of \$27,861 on May 1, 2011. The balance as of September 30th, 2008 was \$287,272.

On September 30th, 2008, the City executed a \$2,500,000 Capital Improvement Revenue Note, Series 2008, with SunTrust Bank. The Note has a fixed interest rate of 5.22% and a maturity of September 30th, 2028. Proceeds of the loan have been designated for the construction of the City's new community center.

RISK MANAGEMENT

The City purchases general liability, automobile, property, and casualty insurance coverages through the Florida League of Cities. The City is self insured for its workers' compensation coverage which is administered through the Miami-Dade County Risk Management Department.

The City is continually reviewing risk exposures and determining the most cost effective method of mitigating those exposures.

RETIREMENT BENEFITS

The City of Miami Springs sponsors two defined benefit pension plans, the General Employees' Pension Fund and the Police Retirement System. These two pension plans are administered through separate independent Pension Boards. Each Pension Board hires outside pension plan administrators to administer each plan. Each year an independent actuary, engaged by each of the pension plans, calculates the amount the annual contribution that the City of Miami Springs must make to each pension plan to ensure that the plan will be able to fully meet its obligations. As a matter of policy, the City of Miami Springs fully funds each year's annual required contribution to the pension plan as determined by the actuary. Each of the plans issues a publicly available financial report that includes financial statements and required supplementary information. These financial reports may be obtained by writing to the Board of Trustees c/o City of Miami Springs, 201 Westward Drive, Miami Springs, Florida 33166.

The City also provides a defined contribution 401(a) plan for certain management employees. Under the 401(a) plan for fiscal year 2008, the City contributed 15% of gross pay to eligible employees.

INDEPENDENT AUDIT

In accordance with Florida Statutes Section 218.39, the City has engaged the firm of Alberni Caballero & Castellanos, L.L.P., to perform the independent audit of the City's financial statements. The Independent Certified Public Accountant's report is included in the financial section of this Comprehensive Annual Financial Report.

AWARDS AND ACKNOWLEDGEMENTS

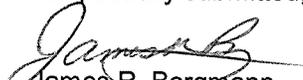
This year the City has applied for the Certificate of Achievement for Excellence in Financial Reporting awarded by the Governmental Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

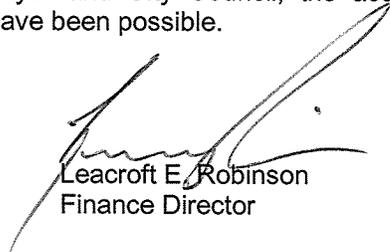
A Certificate of Achievement is valid for a period of one year only. We believe that our current report conforms to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for the certificate.

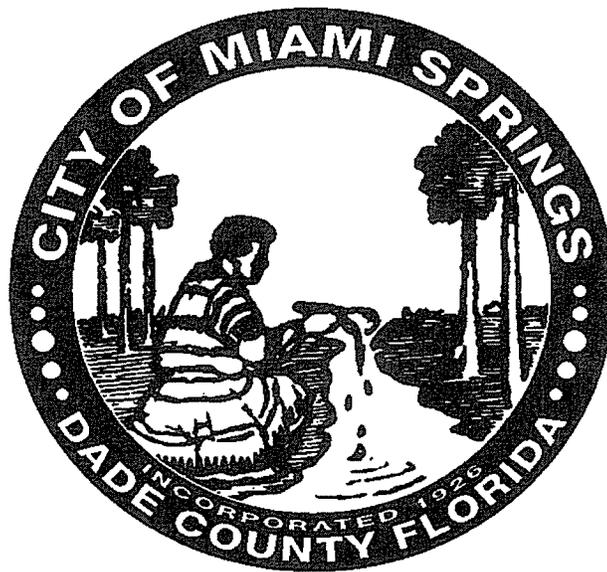
The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the City's audit firm, Alberni Caballero & Castellanos, L.L.P. We wish to express our appreciation to them for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. Finally, we would also like to thank the various operating departments for their timely contributions in the writing of this report.

In closing, without the leadership and support of the Mayor and City Council, the accomplishments and anticipated future successes noted in this report would not have been possible.

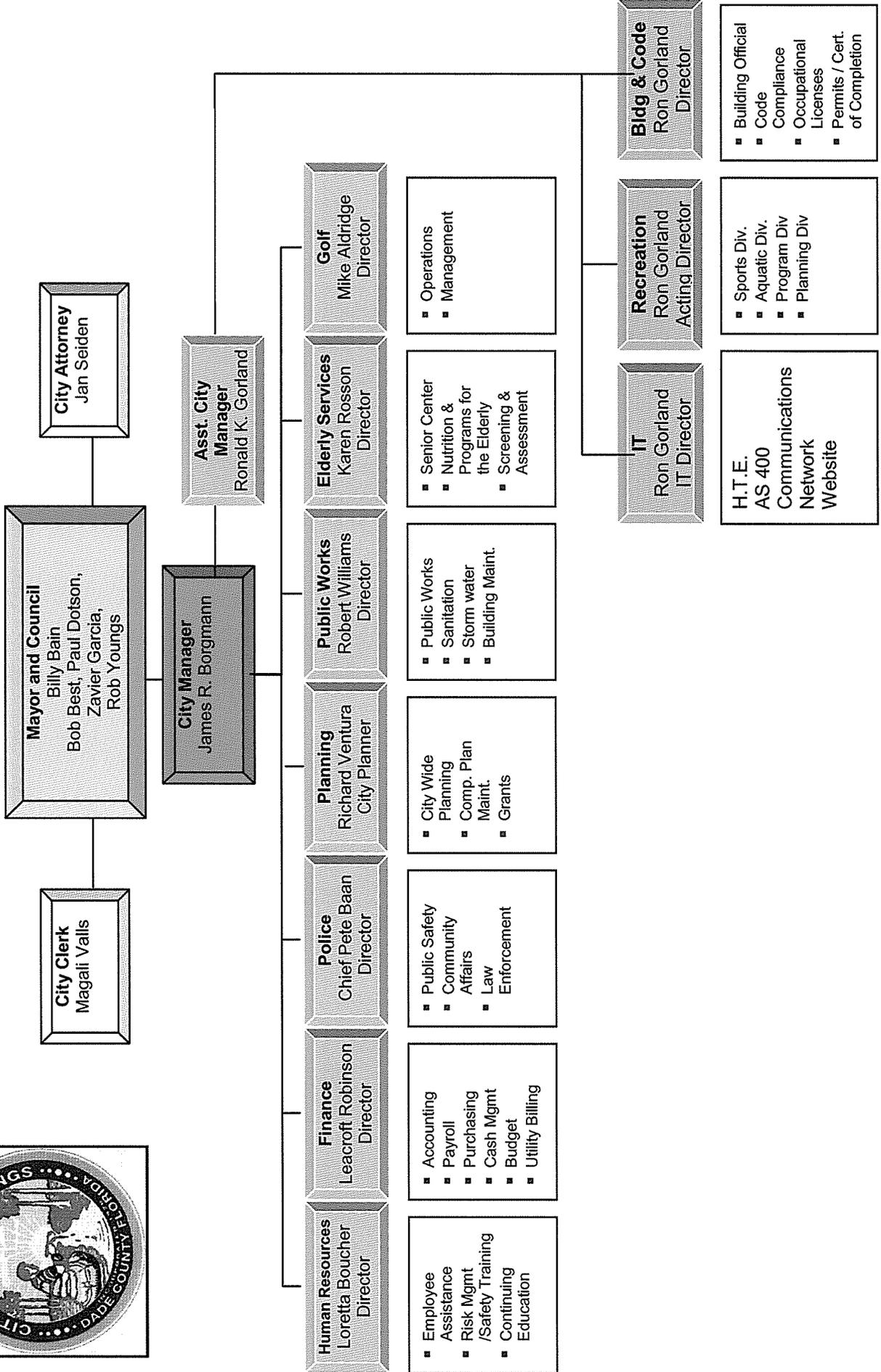
Respectfully submitted,


James R. Borgmann
City Manager


Leacroft E. Robinson
Finance Director



City of Miami Springs Organizational Chart



MIAMI SPRINGS CITY OFFICIALS

CITY COUNCIL

Mayor: Billy Bain

Councilman: Zavier Garcia

Councilman: Rob Youngs

Councilman: Bob Best

Councilman: Paul Dotson

CITY MANAGER

James Borgmann

CITY ATTORNEY

Jan K. Seiden

ASSISTANT CITY MANAGER

Ronald K. Gorland

FINANCE DIRECTOR

Leacroft E. Robinson

CITY AUDITORS

Alberni Caballero & Castellanos, L.L.P.



FINANCIAL SECTION



4649 PONCE DE LEON BLVD.
SUITE 404
CORAL GABLES, FL 33146
TEL: 305-662-7272
FAX: 305-662-4266
ACC-CPA.COM

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Miami Springs, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Miami Springs, Florida (the City) as of and for the fiscal year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audits 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. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Miami Springs, Florida as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, 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 February 6, 2009 on our consideration of the City's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Honorable Mayor and Members of the City Council
City of Miami Springs, Florida

The Management's Discussion and Analysis and the Budgetary Comparison Schedules, listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the Management's Discussion and Analysis, 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. The Budgetary Comparison Schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Miami Springs's Florida, basic financial statements. The introductory section, combining nonmajor fund financial statements, schedules of funding progress and employer contributions and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, schedules of funding progress and employer contributions and statistical tables 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.

Alfonso Caballero & Castellanos LLP

February 6, 2009
Coral Gables, Florida

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Miami Springs, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for fiscal year ended September 30, 2008. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, (the City's financial statements and the other required supplemental information).

This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns. The information contained within this section should be considered only a part of a greater whole.

FINANCIAL HIGHLIGHTS

- The assets of the City of Miami Springs exceeded its liabilities at the close of the most recent fiscal year by \$25.5 million (net assets). \$8.2 million of this (unrestricted net assets) may be used to meet the ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$58,519, from \$25,529,034 in FY2007 to \$25,470,515 in FY2008. The decrease is attributable to the overall loss of \$1,615,221 from the City's business-type activities, coupled with an increase of \$1,556,702 in net assets of the government activities. The loss in the City's business-type activities was due to the sale of certain capital assets of the water and sewer operation to Miami-Dade County. The sale was completed on September 3rd, 2008.
- During the year, the City had expenses that were \$1,556,702 less than the \$15.5 million generated in tax and other revenues for governmental programs.
- The business type activities for the City recognized an operating profit before non-operating revenues, expenses, and transfers of \$1,228,158. A loss recognized on the sale of the City's water and sewer operation to Miami-Dade County of \$1,773,070, coupled with other non-operating revenues, expenses and transfers of \$1,070,309, resulted in the loss of \$1,615,221.
- Total cost of all of the City's programs increased by \$180,869 or 0.8% with no new programs added this year. The increase due to inflation was partially offset by lower cost in the water and sewer operation due to the operation's sale to Miami-Dade County.
- The General Fund's fund balance increased by \$1,053,390 for the year ended September 30, 2008; this increase was a result of current year operations.
- At the end of the current year, unreserved (undesignated) fund balance for the General Fund was \$4.6 million, or 39% of total general fund expenditures and operating transfers. Designations totaling \$1.86 million were made for future costs related to parks and recreation, senior center and hurricane contingency.
- The City's total debt decreased by approximately \$6.4 million or 45% (net of principal payments on existing debt). This reduction was due primarily to the Revenue Bonds that were fully defeased as part of the City's sale of the water and sewer operation to Miami-Dade County, \$8.0 million, plus \$2.5 million in new debt for construction of the City's new community center was also added during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

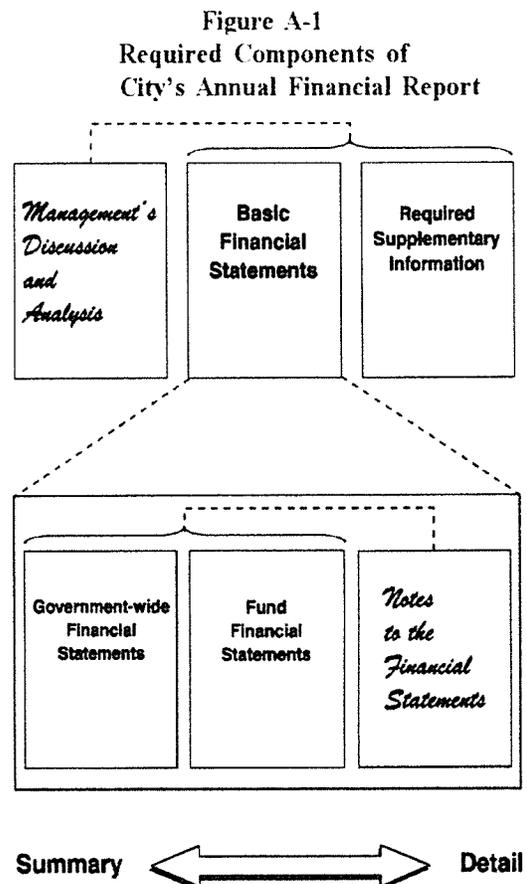
This annual report consists of four parts—*management’s discussion and analysis* (this section), the *basic financial statements*, *required supplementary information* and an additional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City’s operations in more detail than the government-wide statements.
- The *governmental funds* statements show how general government services such as public safety were financed in the short term as well as what remains for future spending.
- *Proprietary funds* statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the stormwater operations, the solid waste, and water and wastewater systems.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* which further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and are related to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, each of which is added together and presented in single columns in the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Miami Springs’s finances, in a manner similar to 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 of Miami Springs is improving or deteriorating.



The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All 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 this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The government activities of the City of Miami Springs include public works, parks and recreation, police, and general administration services. The business-type activities of City include the water and sewer, solid waste system, and storm-water systems.

The government-wide financial statements can be found on pages 20 to 21 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Miami Springs, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Miami Springs can be divided into two categories: governmental funds, and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike 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 the 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 this comparison between *governmental funds and governmental activities*.

The City of Miami Springs maintains several 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, the Golf and Country Club Fund, and the Road and Transportation Funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Budgetary comparison statements have been provided for the General Fund and all other major special revenue funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 22 to 25 of this report.

Proprietary funds. The City maintains one type of proprietary fund. *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 water and sewer, sanitation, and stormwater operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the water and sewer, solid waste, and stormwater operations, all of which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 26 to 28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 to 53 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees.

Required supplementary information can be found on pages 54 to 59 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found beginning on page 60 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. There are six basic transactions that will affect the comparability of the Statement of Net Assets summary presentation as reflected below:

- 1) **Net results of activities** will impact (increase/decrease) current assets and unrestricted net assets.
- 2) **Borrowing for capital** will increase current assets and long-term debt.
- 3) **Spending borrowed proceeds on new capital** will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.
- 4) **Spending of non-borrowed current assets on new capital** will reduce current assets and increase capital assets and will reduce unrestricted net assets and increase invested in capital assets, net of debt.
- 5) **Principal payment on debt** will reduce current assets and reduce long-term debt and reduce unrestricted net assets and increase invested in capital assets, net of debt.
- 6) **Reduction of capital assets through depreciation** will reduce capital assets and invested in capital asset, net of debt.

The City's combined net assets stayed relatively flat at \$25.5 million between fiscal years 2007 and 2008 (see Table 1). Looking at the net assets and net expenses of governmental and business-type activities separately, however, two very different stories emerge.

Governmental Activities

Net assets for the City's governmental activities increased by \$1.6 million or 8% to \$20.9 million that is attributable to current year operations. The largest portion of the City's governmental net assets, \$11.7 million or 56%, is restricted as to the purpose they can be used for and are classified as invested in capital assets (land, buildings, streets, sidewalks, and equipment). 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.

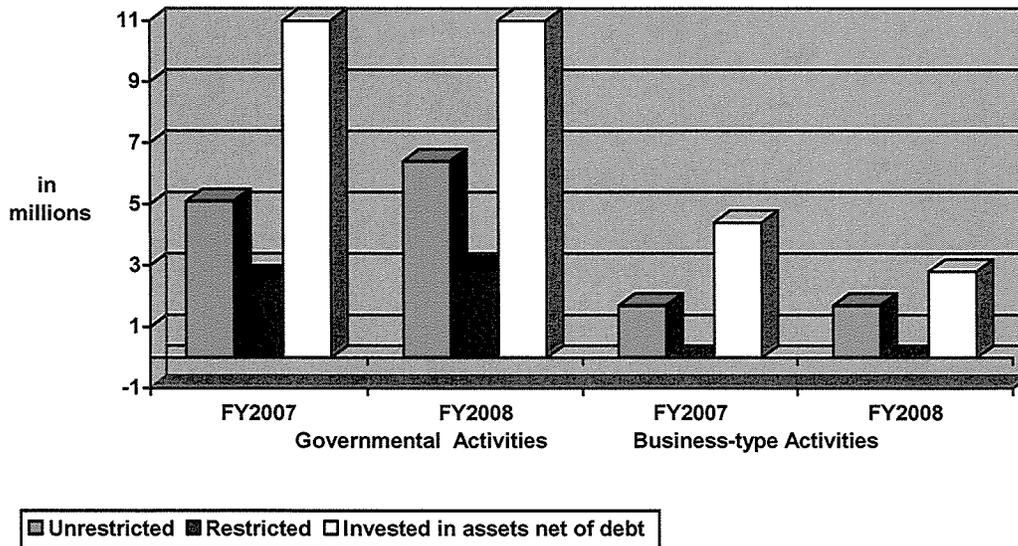
An additional portion of the City's governmental net assets (\$2.9 million or 14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$6.4 million) may be used to meet government's ongoing obligations to citizens and creditors.

Table 1
City of Miami Spring's Net Assets
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2007-2008
	2007	2008	2007	2008	2007	2008	
Current and other assets	\$ 9.6	\$ 14.1	\$3.1	\$2.7	\$ 12.7	\$ 16.8	32.3%
Capital assets	15.7	15.3	13.6	3.1	29.3	18.4	(37.2)%
Total assets	25.3	29.4	16.7	5.8	42.0	35.2	(16.2)%
Long-term debt outstanding	5.0	7.3	9.3	0.6	14.3	7.9	(44.8)%
Other liabilities	0.9	1.1	1.3	0.7	2.2	1.8	(18.2)%
Total liabilities	5.9	8.4	10.6	1.3	16.5	9.7	(41.2)%
Net assets							
Invested in capital assets,							
Net of related debt	11.7	11.7	4.4	2.8	16.1	14.5	(9.9)%
Restricted	2.6	2.9	-	-	2.6	2.9	11.5%
Unrestricted	5.1	6.4	1.7	1.7	6.8	8.1	19.1%
Total net assets	\$ 19.4	\$ 21.0	\$6.1	\$4.5	\$25.5	\$25.5	0.0%

At the end of the current fiscal year, the City of Miami Springs is still able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Figure A-2
NET ASSETS COMPARISON



Business-type Activities

For FY 2008, there was no change of the approximately \$1.7 million in unrestricted net assets reported in connection with the City's business-type activities. Total net assets of the business-type activities reported a decrease of \$1.6 million from the prior year. Key elements of this decrease are as follows:

- The water and sewer operation posted a loss before transfers of \$1,383,651. This included a recorded loss of \$1,773,070 on the sale of capital assets to Miami-Dade County.
- The operating loss before transfers for all business-type activities was \$1,070,472.
- The sanitation operation posted an operating income before transfers of \$307,614. Unlike the previous year, no subsidy was required from the General fund. The sanitation rate increase approved in October 2007 eliminated the need for such subsidy in 2008.
- The stormwater operation reflected a marginal income before transfers of \$5,565. As such, it too required no subsidy from the City's general fund.

Summary of Changes in net assets. The following information is presented to assist the reader in understanding the different types of normal impacts that can affect revenues:

- 1) ***Economic condition*** can reflect a declining, stable or growing environment and has a substantial impact on property, non-ad valorem assessments, sales, gas, or other tax revenues as well as consumer spending habits for building permits, user fees and consumption.
- 2) The City Council has significant authority to set ***increases or decreases in City's rates*** (water and sewer, stormwater, sanitation, permitting, user fees, etc.).
- 3) ***Changing patterns in intergovernmental and grant revenues*** (both recurring and non-recurring) can significantly change and impact the annual comparisons.
- 4) ***Market impacts on investment income*** may cause investment revenues to fluctuate from the prior year.

Some other basic impacts on expenses are reflected below:

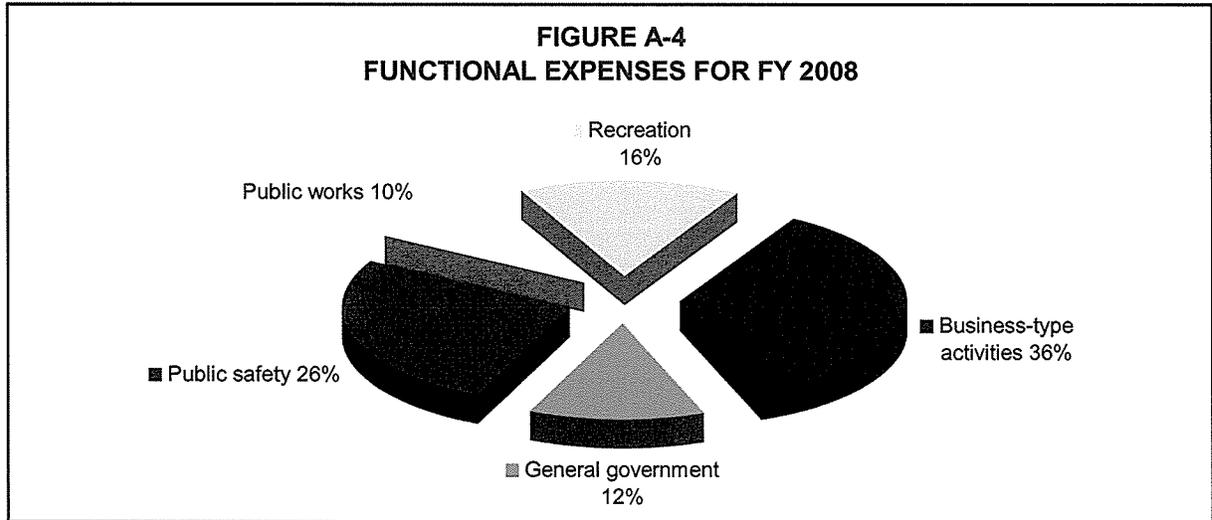
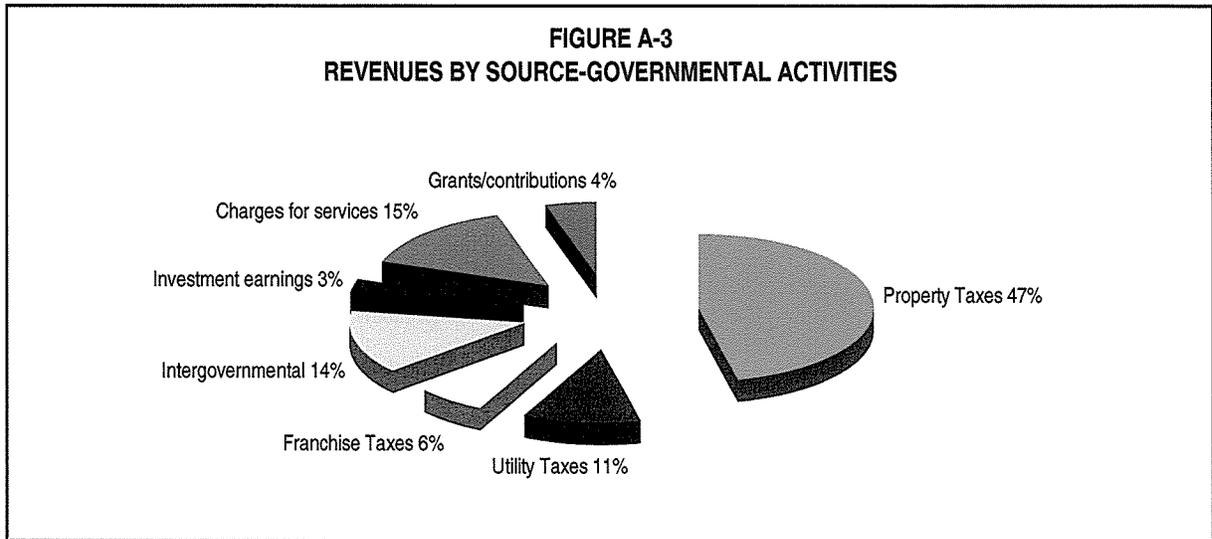
- 1) ***Introduction of new programs*** can have a substantial impact on property, non-ad valorem assessments, sales, gas, or other tax revenues as well as consumer spending habits for building permits, user fees and consumption.
- 2) ***Changes in service demand levels*** can cause the City to increase or decrease authorized staffing. Staffing costs (salary and related benefits) represent approximately 64% of the City's operating costs.
- 3) ***Salary increases*** such as cost of living, performance increases and market adjustments can impact personal service costs.
- 4) ***While inflation*** appears to be declining now, the City is a major consumer of certain commodities such as chemicals, supplies, fuels and parts. Some functional expenses did experience unusually high commodity specific increases this past year.

The City's Total Net Assets remained relatively flat at approximately \$25.5 million for the current fiscal-year. This indicates that ongoing expenses were closely matched with ongoing revenues.

The City's total revenues decreased by 2.5% to \$23.5 million (see Table 2). This decrease was due primarily to lower property taxes and investment income.

Approximately 47% of the City's revenues come from property taxes, and 64 cents of every dollar raised comes from some type of tax (see Figure A-3). Another 15 % comes from fees charged for services, and 14% comes from federal, state and local aid. Total costs of all programs and services increased by approximately \$0.2 million, or 0.9% (see Table 2).

The City's expenses cover a range of services; with about 62% related to public safety and business-type activities (see Figure A-4).



Governmental Activities

Revenues for the City's governmental activities decreased 1.9% (from \$15.8 million to \$15.5 million), while the expenses increased 0.7% (\$13.9 million to \$14.0 million). The increase in net assets for governmental activities was expanded by \$1,556,702 in 2008. This compares to a \$1,691,108 increase in 2007. Key elements of the 2008 increase are as follows:

- Property taxes decreased by \$304,634, or 4% during the year and was due primarily to the lowering of the millage rate coupled with higher assessments.

The functional activities that had expense decreases/increases compared to last fiscal year were:

- General government decreased by \$105,069 or 3.7% from 2007 due primarily to open staff positions that were not filled.
- Recreation and social services increased by \$179,656, or 5.5% due to higher operating costs.
- Public safety increased by \$50,195 or 0.9% while public works increased by \$131,438 or 6.7% respectively over 2007. The higher public works cost was due in part to higher costs related to road and transportation expenses.

Table 2
Changes in City of Miami Spring's Net Assets
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2007-2008
	2007	2008	2007	2008	2007	2008	
Revenues							
Program revenues							
Charges for services	\$ 2.2	\$ 2.4	\$8.1	\$7.9	\$10.3	\$10.3	--%
Operating & capital grants/contributions	.7	.7	--	--	.7	.7	--%
General revenues							
Property taxes	7.5	7.2	--	--	7.5	7.2	(4.0)%
Franchise taxes	1.0	1.0	--	--	1.0	1.0	--%
Utility taxes	1.6	1.7	--	--	1.6	1.7	6.3%
Investment & other income	.6	.4	.2	.1	.8	.5	(37.5)%
Intergovernmental	2.2	2.1	--	--	2.2	2.1	(4.5)%
Total revenues	15.8	15.5	8.3	8.0	24.1	23.5	(2.5)%
Expenses							
General government	2.7	2.6	--	--	2.7	2.6	(3.7)%
Public safety	5.6	5.7	--	--	5.6	5.7	1.8%
Public works	2.0	2.1	7.7	7.8	9.7	9.9	2.1%
Community development	.2	--	--	--	.2	--	(100.0)%
Parks and recreation	3.2	3.4	--	--	3.2	3.4	6.3%
Interest on long-debt	.2	.2	--	--	.2	.2	--%
Total expenses	13.9	14.0	7.7	7.8	21.6	21.8	0.9%
Excess (deficiency) before transfers	1.9	1.6	.6	.2	2.5	1.8	(36)%
Gain (loss) on sale of capital assets	--	--	-	(1.8)	--	(1.8)	(100)%
Transfers	(.2)	--	.2	--	--	--	--%
Increase in net assets	\$1.7	\$1.6	\$0.8	\$(1.6)	\$2.5	\$0.0	(100.0)%

Note: Totals may not add due to rounding.

The City's management took major actions this year to maintain current revenues and to control expenses.

In fiscal year 2008, the City's millage rate was 6.3 compared to 7.5 in FY 2007. The City's total general fund revenue sources were \$185,383 more than the final budgeted revenues of \$12.2 million. The total expenditures were less than budgeted by \$1,355,819 due to staff vacancies, unused departmental expenditures and a hurricane contingency that was not needed.

Table 3 presents the cost of each of the City's five largest services—public safety, general government, recreation and social services, public works, and community development—as well as each service's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the City's taxpayers by each of these services.

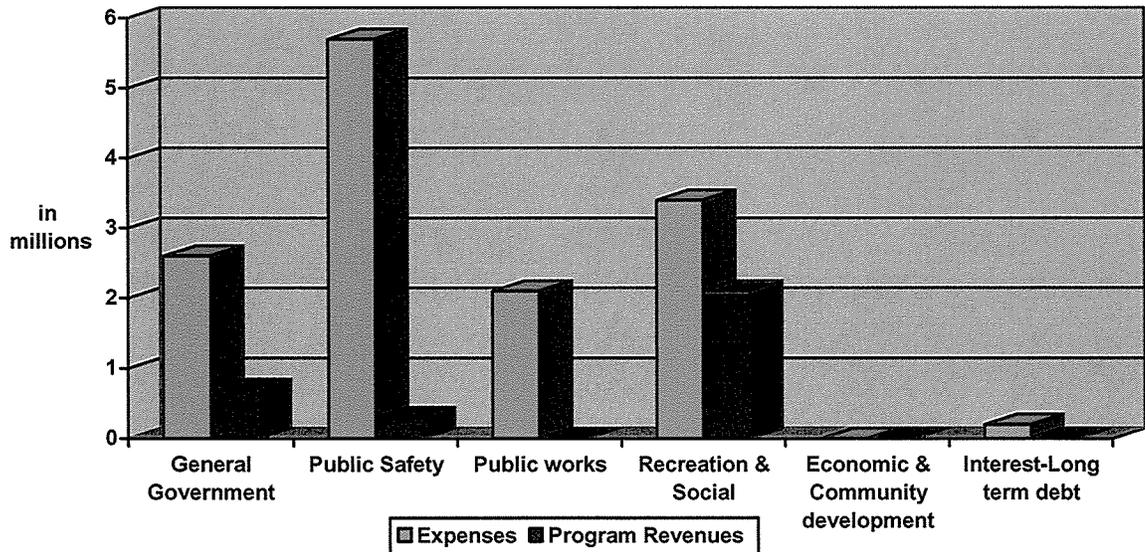
- The total cost of all *governmental* activities this year was \$14.0 million. Some of that cost was financed by:
 - Those who directly benefited from the programs through charges for services (\$2.4 million), or
 - Other governments and organizations that subsidized certain programs from operating grants and contributions (\$0.7 million).
- The City financed the remaining \$10.9 million “public benefit” portion of governmental activities with \$7.2 million in taxes, and with other revenues such as interest and unrestricted state aid.

Table 3
Net Cost of City’s Governmental Activities
(in millions of dollars)

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2007	2008	2007-2008	2007	2008	2007-2008
Public safety	5.6	5.7	1.8%	\$ 5.4	\$ 5.4	--%
Recreation/social services	3.2	3.4	6.3%	1.1	1.4	(27.3)%
General government	2.7	2.6	(3.7)%	1.9	1.9	--%
Public works	2.0	2.1	5.0%	2.2	2.1	(4.5)%
Community development	.2	.0	(100)%	.2	.0	(100)%
Interest on long term debt	.2	.2	-%	.2	.2	--%
Total	\$13.9	\$14.0	0.7%	\$11.0	\$10.9	(0.9)%

Figure A-5

Expenses & Program Revenues-Governmental Activities
For the Fiscal Year Ended September 30, 2008



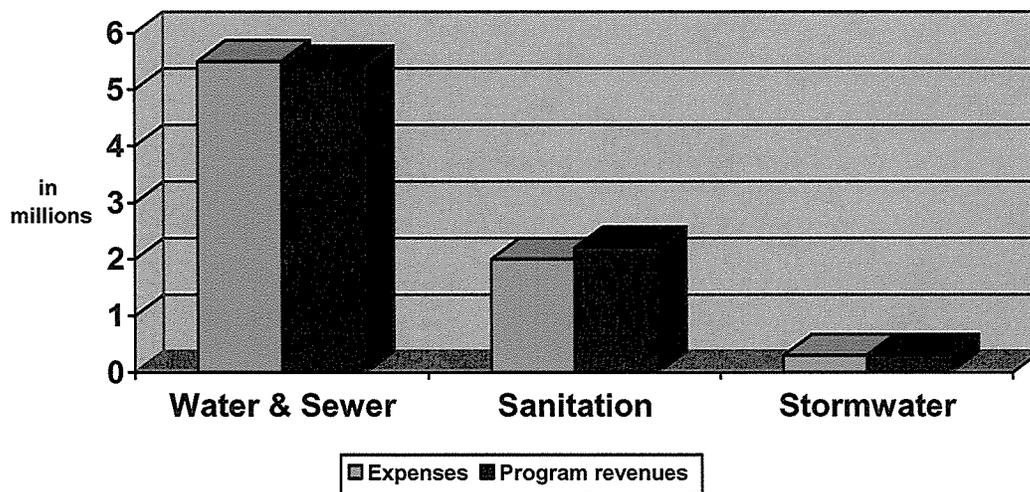
Business-type Activities

Revenues of the City's business-type activities decreased 3.6% to \$8.0 million and expenses increased 1.3% to \$7.8 million excluding extraordinary loss on the sale of capital assets (see Table 2). Factors contributing to these results included:

- The Water and sewer operation reported a loss before capital contributions and transfers of \$1,383,651 for FY2008. This included a loss of \$1,773,070 on the sale of capital assets when the operation was transferred to Miami-Dade County.
- Total expenses for all business-type activities increased marginally by 1.3% due mainly to the increase in costs of operating expenses(gas, utility, insurance) as well as annual cost of living salary increases for the workforce.
- For the first time in six years, the City's sanitation activities reported an operating income. The Sanitation Fund had recorded losses from operations of \$569,842 over the prior five years, 2003-2007. This trend was reversed in 2008 when the fund recorded income before transfers of \$307,614. In 2007 the General Fund provided a transfer of \$230,000 to subsidize the operation's losses, but no such subsidy was required in 2008. This turnaround is directly attributable to the increase in sanitation fees approved by Council for FY2008.

Figure A-6

Expenses & Program Revenues-Business-type Activities For the fiscal Year Ended September 30, 2008



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported combined fund balances of \$12.8 million, or an increase of \$4.2 million compared to last year's combined fund balances of \$8.6 million. Included in this year's total change in fund balances is \$2.5 million in loan proceeds for the new community center, \$0.3 million in FEMA reimbursements for prior years' storms, and \$1.4 million excess of revenues over expenditures for all the City's governmental funds. The primary reasons for the excess mirror those highlighted in the analysis of governmental activities.

The General Fund

The General fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenses, fixed charges and capital improvement costs not paid through other funds are paid from this fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6.47 million, as compared with \$4.95 million in the prior year. Reserved fund balance decreased from \$657,017 in the prior year to \$197,581 for the current fiscal year. This decrease was mainly due to lower encumbrances relating to ongoing projects which had not been completed as of the prior year-end.

The amount of General Fund revenue by type, their percent of the total and the amount of change compared to last fiscal year are shown on Table 4, below.

During FY 2008, the General Fund provided \$214,079 in transfers to the Golf and Country Club Fund and \$142,716 to the Senior Center Fund to cover the operating deficits of these operations for the fiscal year.

**Table 4
General Fund Revenues**

<u>Revenue Sources</u>	<u>2008 Amount</u>	<u>Percent of Total</u>	<u>2007 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2007</u>	<u>Percentage Increase (Decrease)</u>
Property taxes	\$6,831,095	61.9%	\$7,130,596	70.5%	(\$299,501)	-4.2%
Franchise fees	996,967	9.0%	961,583	9.5%	35,384	3.7%
Utility taxes	934,546	8.5%	937,710	9.3%	(3,164)	-0.3%
Communications services tax	732,846	6.6%	695,826	6.9%	37,020	5.3%
Licenses and permits	536,203	4.9%	467,280	4.6%	68,923	14.7%
Intergovernmental	1,610,304	14.6%	1,669,282	16.5%	(58,978)	-3.5%
Charges for services	238,951	2.2%	218,536	2.2%	20,415	9.3%
Fines and forfeitures	168,422	1.5%	143,286	1.4%	25,136	17.5%
Investment income	186,085	1.7%	241,751	2.4%	(55,666)	-23.0%
Rental revenues	96,595	0.9%	98,345	1.0%	(1,750)	-1.8%
Other revenues	49,268	0.4%	64,263	0.6%	(14,995)	-23.3%
Total revenues	\$12,381,282	112.2%	\$12,628,458	124.8%	(\$247,176)	-2.0%

When compared to 2007, total revenues for the General Fund decreased by \$247,176 or 1.9%. Property taxes accounted for the bulk of the decrease as increases in taxable property values were more than offset by the lower millage rate, 6.3 mills vs. 7.5 mills in 2007. Other contributing factors included lower investment income, due to market conditions, and lower Intergovernmental revenues due primarily to lower revenue sharing, sales taxes, from the State.

Expenditures in the General Fund are shown in the schedule below:

Table 5
General Fund Expenditures

<u>Expenditures</u>	<u>2008</u> <u>Amount</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>2007</u> <u>Amount</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From 2007</u>	<u>Percentage</u> <u>Increase</u> <u>(Decrease)</u>
General government services	\$2,502,332	26.9%	\$2,573,998	29.0%	(\$71,666)	-2.8%
Public safety	5,431,575	58.3%	5,370,851	60.5%	60,724	1.1%
Public works	1,760,151	18.9%	1,806,822	20.3%	(46,671)	-2.6%
Recreation and social services	1,861,612	20.0%	1,619,405	18.2%	242,207	15.0%
Total expenditures	\$11,555,670	124.0%	\$11,371,076	128.0%	\$184,594	1.6%

In fiscal year 2008, total General Fund expenditures increased by \$184,594 or 1.9% compared to the prior year. The bulk of the increase was a 15% increase in recreation and social services due to various capital outlay expenditures to improve the recreation department's operations. The other City departments experienced an overall decrease in expenditures with the exception of public safety that had a marginal increase of 1.1%. The decrease of 2.8% in general government is mainly due to infrastructure improvements expenditures such as the city hall security project that occurred in FY2007. Public work's decrease of 2.6% can be attributed to additional expenditures due to storm cleanup in FY2007. It should be noted that all departments incurred increases in operating costs as well as cost of living salary increases for the city's workforce.

General Fund Budgetary Highlights

Over the course of the year, the City amended the General Fund budget three times. The budget amendments fall into two categories: (1) Amendments are approved for rollovers related to prior year encumbrances; and (2) supplemental appropriations to provide appropriations for various other needs which have arisen since the adoption of the budget. Even with these adjustments, actual disbursements were \$1.4 million below final budgeted amounts. The most significant contributor to this variance was lower than budgeted expenditures in public safety, police, of \$392,068 due to staff attrition. Of the \$447,376 budget savings in General government, \$329,008 was mainly due to hurricane contingencies which were not needed. Other significant savings occurred in public works, \$303,962, and building & zoning, \$152,991. Both were due to lower than expected operating expenditures.

The fiscal year 2008 final amended budget was \$12,911,488 or an increase of 4.4% over the original General Fund budget of \$12,366,667. Correspondingly, the Consumer Price Index (or inflation index) from the U.S. Bureau of Labor Statistics – All Urban Consumers South Urban area for the past year was approximately 4.2%. Beyond base revenues of \$12,195,899 and \$584,000 in transfers from the Enterprise Funds, the final Adopted Budget was balanced by using \$389,103 of available fund balance. The original General Fund budget consisted of \$12,366,667 in base expenditures and \$147,716 in operating transfers to the other funds.

Differences between the original budget and the final amended budget increased appropriations by \$624,989 and can be briefly summarized as follows:

- ◆ \$544,821 in encumbrances carried over from FY2006-07
- ◆ \$80,168 in additional transfers for the golf course operation

These increases were to be budgeted from available fund balance, however during the year expenditures were less than budgetary estimates, thus eliminating the need to draw upon the unreserved fund balance.

The difference between the estimated revenues and the actual revenues in the General Fund was approximately \$215,013 for FY 2008.

The difference between the appropriations and the actual expenditures in the General Fund was approximately \$1,355,818 for fiscal year 2008. These variances are explained below:

- Cost reductions totaling \$392,068 in the public safety (police) budget resulting mainly from vacant positions during the fiscal year as well as lower than budgeted expenditures, \$303,962 in cost reductions in Public Works mainly due to planned streets & sidewalks and building maintenance repairs that were not needed. Recreation shows an over budget variance of \$21,153 due primarily to unplanned seasonal employee needs, and non-departmental had a reduction of \$329,008 for planned storm cleanup that was not needed. Additionally, building and zoning and the planning departments both were lower than budget by \$132,766 and \$100,799 respectively. The planning department variance was due to lower than expected costs while building & zoning was due in part to attrition and market conditions that required few inspections.

Other Major Governmental Funds

Golf and Country Club Fund- Revenues for the City's golf course operations were \$1,370,250 or 3.4% higher than the \$1,324,805 reported in FY2007. The increase in revenues was attributable to the renovation of the greens and the new management model, including enhanced internal controls, implemented during the prior year. Expenditures for FY2008 were \$1,656,127 or 6.3% higher than the \$1,557,909 for FY2007 due primarily higher maintenance costs. The Golf and Country Club Fund had a net loss before transfers and after issuance of debt of \$199,044 for the fiscal year ended September 30, 2008. This deficit plus the previous negative fund balance, was funded through an operating transfer from the General Fund of \$214,079. This brought the fund balance at September 30, 2008 to zero. Although the operation still required a general fund subsidy, it was still one of the lowest subsidies since the city acquired the course in 1997.

Road and Transportation Fund- This fund is used to account for expenditures related to road and transportation improvements. It receives funds from the local option gas tax and the enhanced transportation tax. These funds are restricted to road and transportation expenditures only. Revenues for FY2008 were \$586,673 compared to \$665,644 in FY2007. The fund balance increased by \$305,484 to \$1,901,298 at the end of the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets (See Table 6). The City of Miami Springs' investment in capital assets for its governmental and business type activities as of September 30, 2008 decreased by \$1.1 million from the prior year. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, streets and median improvements, park facilities, and stormwater infrastructure.

Table 6
City of Miami Spring's Capital Assets
(net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2007	2008	2007	2008	2007	2008	2007-2008
Land	\$ 3.1	\$ 3.1	\$ -	\$ -	\$ 3.1	\$ 3.1	0.0%
Buildings	3.1	3.3	0.0	0.0	3.1	3.3	6.5%
Improvements other than buildings	2.1	2.0	0.0	0.0	2.1	2.0	-4.8%
Equipment	2.4	2.1	0.6	0.3	3.0	2.4	-20.0%
Infrastructure	4.8	4.4	13.0	2.8	17.8	7.2	-59.6%
Construction in progress	0.2	0.4	0.0	0.0	0.2	0.4	100.0%
Total	\$ 15.7	\$ 15.3	\$ 13.6	\$ 3.1	\$ 29.3	\$ 18.4	-37.2%

This year's major capital asset changes result primarily from the impact of the sale of equipment and infrastructure assets of the water and sewer operation to Miami-Dade County. This year's major capital asset addition before depreciation for the governmental activities equaled approximately \$0.4 million and includes the following:

- Several projects were completed and/or started during the year including the new ball field dugouts, restrooms and concession building at City parks.
- The City recognized construction in progress related to Curtiss Mansion.
- Scheduled replacement of certain police vehicles

The business-type activities reported no capital asset additions before depreciation. Additional information on the City's capital assets can be found in Note 5 on pages 39 to 40 of this report.

Long-term debt. At year-end the City had \$3.1 million in bonds outstanding— a significant decrease of 73.3% over last year— as shown in Table 7. This resulted primarily from approximately \$8.0 million in revenue bonds that were defeased as part of the City's transfer of the water and sewer operation to Miami-Dade County. The debt position of the City is summarized below and is more fully explained in Note 6 Long-Term Debt beginning on page 40.

Table 7
City of Miami Springs's Debt
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2007	2008	2007	2008	2007	2008	2006-2007
General obligation bonds	3.3	3.1	0.0	0.0	3.3	3.1	-6.1%
Revenue bonds	0.0	0.0	8.3	0.0	8.3	0.0	-100.0%
Notes payable	0.4	2.8	0.8	0.3	1.2	3.1	158.3%
Capital lease payable	0.3	0.2	0.2	0.1	0.5	0.3	-40.0%
Total	\$ 4.0	\$ 6.1	\$ 9.3	\$ 0.4	\$ 13.3	\$ 6.5	-51.1%

Economic Factors and Next Year's Budgets and Ratios

The City recognizes the importance of increasing its commercial tax base for future economic health and to reduce the tax burden on the residents. The City is aggressively pursuing various avenues of economic development and revitalization within the City as well as moving forward with annexation of areas west of the City which has a significant commercial tax base. The issue of annexation will be an April 7th, 2009 ballot question that residents will be asked to vote on.

The State of Florida, by constitution, does not have a state personal income tax and therefore, the State operates primarily using sales, gasoline and corporate income taxes. Local governments (cities, counties and school boards) primarily rely on property and a limited array of permitted other taxes (sales, telecommunication, gasoline, utilities services, etc.) and fees (franchise, building permits, occupational license, etc.) for their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both the state and federal governments.

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 (for property values between \$50,000 - \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption, 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.

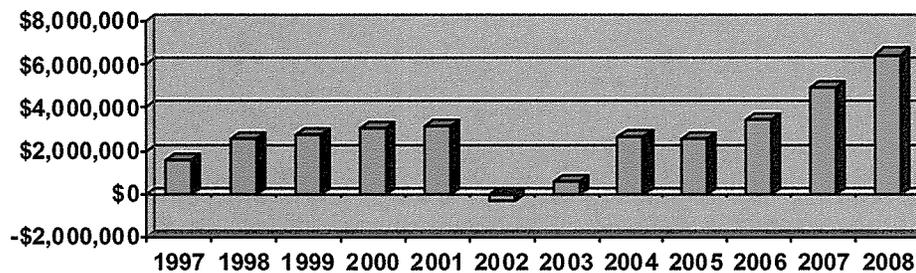
Amendment 1 became effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which became effective on January 1, 2009. Additional tax relief bills are expected to be introduced at the upcoming legislative session which could, if ratified, further limit the extent to which municipalities can levy taxes.

The most recent information received from the Miami-Dade County Property Appraiser's Office, indicates that the higher homestead exemption, \$25,000 tangible personal property tax exemption, and portability of the homestead assessment differential, amounts to approximately \$84.1 million in lower taxable property values to the residents of the City. Actual taxes levied by the City in 2008 reflected a slight drop of 1.5% from the \$6.9 million levied in 2007. It is further expected that assessed values within the City will decline considerably due to the current economic downturn and the impact of the housing bubble that could further reduce revenues at the current millage rate.

For the business-type and certain governmental activities (building inspections, recreational programs, etc.) the user pays a related fee or charge associated with the service. Revenues in fiscal year 2009 adopted General Fund budget are \$12.4 million, a decrease of approximately 2.2% from the fiscal year 2008 total revenues of \$12.7 million. Property taxes (benefiting from the increase in homestead exemption) will account for most of this expected decrease. The City will use these revenues to fund current services and the expected impact of inflation on salaries and benefits.

Figure A-7

**General Fund Unrestricted Surplus (Deficit)
For the Fiscal Years ended September 30, 1997-2008**

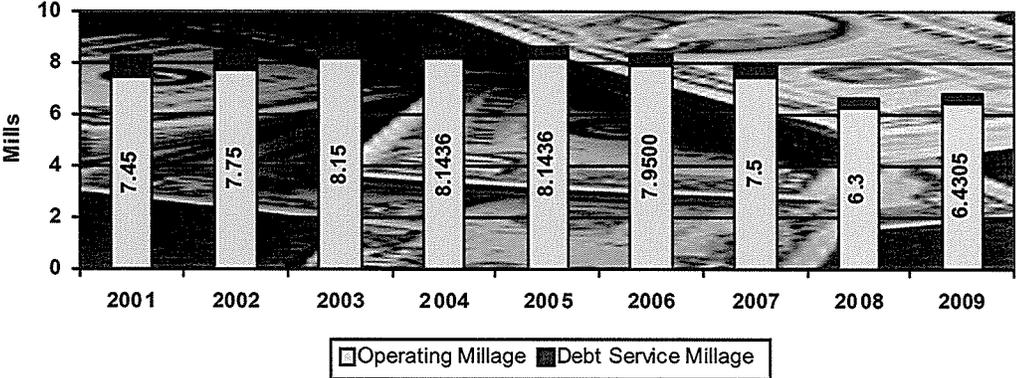


During the current fiscal year, unreserved fund balance in the General Fund was to \$6.5 million compared to \$4.9 million from last year. This \$6.5 million is approximately equal to 6.7 months of General Fund operating expenditures. The City, as can be seen at Figure A-7, is has continued to re-build its unrestricted fund balance, a portion of unrestricted fund balance will be used to preclude or moderate future tax and user fee increases.

In 1995, the state of Florida limited all local governments' ability to increase property taxable values in any given year to 3 percent or cost of living, whichever is lower. The following graph illustrates that the City has maintained a stable property tax rate for the past three years. For many years, the City, just like many cities across the country, had to face the challenge of keeping taxes and service charges as low as possible while providing residents with the level of service they have come to expect.

The operating millage rate for tax year 2008, which is collected in fiscal year 2009, is 6.4305 or \$6.43 per thousand dollars of taxable value. Under current legislation, the City was required to rollback its millage rate to the rollback rate less 5%. The 2009 budget has achieved this objective. Historically, the rollback rate has always been lower than the existing rate. However, with new laws, the rolled back rate was actually higher, even though the resulting tax bill will be lower due to the new homestead exemption. Overall, the adopted budget is an economical and prudent financial plan that will ensure quality public services and needed capital improvements for all residents, both today and in the future.

**Figure A-8
Total City Millage**



Fiscal year 2009 budgeted expenditures and transfers are expected to be \$12.4 million, or 4.2%, over fiscal year 2008. The largest increments are increased salaries and cost-of-living adjustments based on labor agreements with the police employees’ unions. Given the current economic conditions, the City’s budgetary General Fund balance is not expected to increase in FY2009.

Requests for Information

The City’s financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City’s finances and to demonstrate the City’s accountability. The financial statements are available on the City’s website at www.miamisprings-fl.gov. If you have questions about the report or need additional financial information, contact Leacroft Robinson, Finance Director, City of Miami Springs, 201 Westward Drive, Miami Springs, Florida 33166.



BASIC FINANCIAL STATEMENTS

CITY OF MIAMI SPRINGS, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2008

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and equity in pooled cash and investments	\$ 7,299,148	\$ 2,482,047	\$ 9,781,195
Accounts receivable - net	966,922	187,491	1,154,413
Inventories	169,497	-	169,497
Deferred charges	23,001	-	23,001
Net pension asset	136,476	-	136,476
Other assets	163,034	-	163,034
Restricted assets:			
Cash and equity in pooled cash and investments	5,337,068	31,409	5,368,477
Capital assets:			
Land	3,085,903	-	3,085,903
Construction in progress	358,152	-	358,152
Building	6,075,020	-	6,075,020
Equipment	5,483,234	1,722,199	7,205,433
Improvements other than building	3,402,539	4,159,134	7,561,673
Infrastructure	15,472,730	-	15,472,730
Total capital assets	33,877,578	5,881,333	39,758,911
Less accumulated depreciation	(18,588,534)	(2,762,071)	(21,350,605)
Total capital assets - net	15,289,044	3,119,262	18,408,306
Total assets	29,384,190	5,820,209	35,204,399
<u>LIABILITIES</u>			
Accounts payable	764,024	405,234	1,169,258
Accrued payroll	192,150	101,554	293,704
Customer deposits-payable with restricted assets	9,474	31,409	40,883
Unearned revenue	69,333	156,111	225,444
OPEB liability	74,449	16,851	91,300
Noncurrent liabilities:			
The amount due in one year	636,053	219,676	855,729
The amount due in more than one year	6,688,775	368,791	7,057,566
Total liabilities	8,434,258	1,299,626	9,733,884
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	11,658,126	2,771,232	14,429,358
Restricted for:			
Law enforcement	957,933	-	957,933
Roads and transportation	1,901,298	-	1,901,298
Unrestricted	6,432,575	1,749,351	8,181,926
Total net assets	\$ 20,949,932	\$ 4,520,583	\$ 25,470,515

See notes to basic financial statements

CITY OF MIAMI SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>Functions/programs</u>						
Governmental activities:						
General government	\$ 2,561,445	\$ 569,633	\$ -	\$ (1,865,573)	\$ -	\$ (1,865,573)
Public safety	5,675,703	214,629	90,653	(5,370,421)	-	(5,370,421)
Public works	2,084,125	-	9,500	(2,074,625)	-	(2,074,625)
Recreation and social services	3,424,307	1,580,575	485,665	(1,358,067)	-	(1,358,067)
Interest on long-term debt	190,253	-	-	(190,253)	-	(190,253)
Total governmental activities	<u>13,935,832</u>	<u>2,364,837</u>	<u>585,818</u>	<u>(10,858,938)</u>	<u>-</u>	<u>(10,858,938)</u>
Business-type activities:						
Water & Sewer	5,476,595	5,382,602	-	-	(93,993)	(93,993)
Sanitation	2,016,793	2,199,711	-	-	182,918	182,918
Stormwater	311,467	277,718	-	-	(33,749)	(33,749)
Total business activities	<u>7,804,855</u>	<u>7,860,031</u>	<u>-</u>	<u>-</u>	<u>55,176</u>	<u>55,176</u>
Total	<u>\$ 21,740,687</u>	<u>\$ 10,224,868</u>	<u>\$ 585,818</u>	<u>\$ (10,858,938)</u>	<u>\$ 55,176</u>	<u>\$ (10,803,762)</u>
General revenues:						
Property taxes, levied for general purpose				\$ 6,831,093	\$ -	\$ 6,831,093
Property taxes, levied for debt service				394,541	-	394,541
Utility taxes				1,667,393	-	1,667,393
Franchise fees on gross receipts				996,967	-	996,967
Intergovernmental (unrestricted)				2,127,856	-	2,127,856
Investment income				283,439	63,422	346,861
Miscellaneous				153,602	-	153,602
Gain (loss) on sale of capital assets				-	(1,773,070)	(1,773,070)
Transfers				(39,251)	39,251	-
Total general revenues and transfers				<u>12,415,640</u>	<u>(1,670,397)</u>	<u>10,745,243</u>
Change in net assets				1,556,702	(1,615,221)	(58,519)
Net assets, October 1				19,393,230	6,135,804	25,529,034
Net assets, September 30				<u>\$ 20,949,932</u>	<u>\$ 4,520,583</u>	<u>\$ 25,470,515</u>

See notes to basic financial statements

CITY OF MIAMI SPRINGS, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	Major Funds					Total Governmental Funds
	General	Road and Transportation	Golf and Country Club	Other Governmental Funds		
<u>ASSETS</u>						
Cash and equity in pooled cash and investments	\$ 6,258,531	\$ 1,855,692	\$ 48,394	\$ 4,473,599	\$	\$ 12,636,216
Accounts receivable - net	652,298	102,209	-	212,415	-	966,922
Inventories	125,895	-	43,602	-	-	169,497
Due from other funds	1,654	-	811	-	-	2,465
Deferred charges	23,004	-	-	-	-	23,004
Other assets	163,034	-	-	-	-	163,034
Total assets	\$ 7,224,416	\$ 1,957,901	\$ 92,807	\$ 4,686,014	\$	\$ 13,961,138
<u>LIABILITIES AND FUND BALANCES</u>						
Accounts payable	\$ 186,187	\$ 56,603	\$ 66,174	\$ 455,060	\$	\$ 764,024
Accrued payroll	172,470	-	16,110	3,570	-	192,150
Accrued compensated absences	132,272	-	-	8,638	-	140,910
Due to other funds	811	-	-	1,654	-	2,465
Other liabilities	3,866	-	5,608	-	-	9,474
Deferred revenues	64,418	-	4,915	-	-	69,333
Total liabilities	560,024	56,603	92,807	468,922	-	1,178,356
<u>FUND BALANCES</u>						
Reserved for:						
Encumbrances	48,682	-	-	50,372	-	99,054
Inventories	125,895	-	-	-	-	125,895
Deferred charges	23,004	-	-	-	-	23,004
Law enforcement	-	-	-	957,933	-	957,933
Road and transportation projects	-	1,901,298	-	-	-	1,901,298
Debt service	-	-	-	112,796	-	112,796
Capital projects	-	-	-	2,477,837	-	2,477,837
Unreserved, reported in:						
General fund, undesignated	4,606,811	-	-	-	-	4,606,811
Designated for parks and recreation	1,060,000	-	-	-	-	1,060,000
Designated for senior center	300,000	-	-	-	-	300,000
Designated for hurricane costs	500,000	-	-	-	-	500,000
Special revenue funds, undesignated	-	-	-	618,153	-	618,153
Total fund balances	6,664,392	1,901,298	-	4,217,092	-	12,782,782
Total liabilities and fund balances	\$ 7,224,416	\$ 1,957,901	\$ 92,807	\$ 4,686,014	\$	\$ 13,961,138

See notes to basic financial statements

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

Fund balances - total government funds (Page 22) \$ 12,782,782

Amounts reported for governmental activities in the statement of net assets are different as a result of:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	33,877,577
Less accumulated depreciation	(18,588,534)

Net pension asset	136,476
OPEB liability	(74,449)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Governmental bonds payable	\$	(3,110,000)	
Notes payable		(2,787,274)	
Capital leases		(211,483)	
Compensated absences		(1,075,163)	<u>(7,183,920)</u>

Net assets of governmental activities (Page 20) \$ 20,949,932

CITY OF MIAMI SPRINGS, FLORIDA
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

Amounts reported for governmental activities in the statement of activities are different as a result of:

Net change in fund balances - total government funds (Page 24)		\$ 4,191,398
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital outlays	\$ 1,031,637	
Less current year depreciation	(1,295,526)	(263,889)
Net effect of various miscellaneous transactions involving capital assets (ie:sales, trade-ins, capital outlay not meeting threshold)		(163,393)
<p>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</p>		
Change in OPEB liability		(74,449)
Net Pension Asset		7,175
<p>The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>		
Principal payments		446,693
Issuance of debt		<u>(2,586,833)</u>
Change in net assets of governmental activities (Page 21)		<u>\$ 1,556,702</u>

CITY OF MIAMI SPRINGS, FLORIDA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2008

<u>ASSETS</u>	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
Current assets:				
Cash and equity in pooled cash and investments	\$ 1,306,859	\$ 313,891	\$ 861,297	\$ 2,482,047
Accounts receivable - net	65,039	104,939	17,513	187,491
Total current assets	<u>1,371,898</u>	<u>418,830</u>	<u>878,810</u>	<u>2,669,538</u>
Non-current assets:				
Restricted assets:				
Cash and equity in pooled cash and investments	31,409	-	-	31,409
Capital assets:				
Equipment	337,833	1,192,895	191,471	1,722,199
Improvements other than building	-	-	4,159,134	4,159,134
Total capital assets	<u>337,833</u>	<u>1,192,895</u>	<u>4,350,605</u>	<u>5,881,333</u>
Less accumulated depreciation	(301,504)	(897,322)	(1,563,245)	(2,762,071)
Total capital assets - net	<u>36,329</u>	<u>295,573</u>	<u>2,787,360</u>	<u>3,119,262</u>
Total noncurrent assets	<u>67,738</u>	<u>295,573</u>	<u>2,787,360</u>	<u>3,150,671</u>
Total assets	<u>1,439,636</u>	<u>714,403</u>	<u>3,666,170</u>	<u>5,820,209</u>
 <u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	399,283	1,187	4,764	405,234
Accrued liabilities	70,643	29,107	1,804	101,554
Current portion of notes payable	16,368	72,698	41,456	130,522
Unearned revenues	156,111	-	-	156,111
Customer deposits-payable with restricted assets	31,409	-	-	31,409
Compensated absences	28,887	54,826	5,441	89,154
Total current liabilities	<u>702,701</u>	<u>157,818</u>	<u>53,465</u>	<u>913,984</u>
Non-current liabilities:				
OPEB Liability	7,659	7,966	1,226	16,851
Notes payable	-	-	290,206	290,206
Compensated absences	18,743	59,000	842	78,585
Total noncurrent liabilities	<u>26,402</u>	<u>66,966</u>	<u>292,274</u>	<u>385,642</u>
Total liabilities	<u>729,103</u>	<u>224,784</u>	<u>345,739</u>	<u>1,299,626</u>
 <u>NET ASSETS</u>				
Invested in capital assets, net of related debt	19,961	295,573	2,455,698	2,771,232
Unrestricted	690,572	194,046	864,733	1,749,351
Total net assets	<u>\$ 710,533</u>	<u>\$ 489,619</u>	<u>\$ 3,320,431</u>	<u>\$ 4,520,583</u>

See notes to basic financial statements

CITY OF MIAMI SPRINGS, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Major Funds				Total Governmental Funds
	General	Road and Transportation	Golf and Country Club	Other Governmental Funds	
Revenues:					
Taxes and franchise fees	\$ 7,828,062	\$ -	\$ -	\$ 394,542	\$ 8,222,604
Charges for services	238,951	-	1,367,280	-	1,606,231
Public service taxes	1,667,393	-	-	-	1,667,393
Intergovernmental	1,610,304	547,182	-	641,851	2,799,337
Licenses and permits	536,203	-	-	-	536,203
Fines and forfeitures	168,422	-	-	70,204	238,626
Investment income	186,085	39,437	217	57,566	283,305
Miscellaneous	145,862	54	2,753	29,417	178,086
Total revenues	<u>12,381,282</u>	<u>586,673</u>	<u>1,370,250</u>	<u>1,193,580</u>	<u>15,531,785</u>
Expenditures:					
Current:					
General government	2,496,174	-	-	23,577	2,519,751
Public safety	5,266,986	-	-	107,760	5,374,746
Public works	1,743,709	246,186	-	-	1,989,895
Recreation and social services	1,173,187	-	1,454,213	330,845	2,958,245
Economic and community development	-	-	-	-	-
Debt service:					
Principal retirement	114,454	-	102,239	230,000	446,693
Interest and fiscal charges	13,231	-	10,847	166,175	190,253
Capital outlay:					
General government	6,158	-	-	-	6,158
Public safety	164,589	-	-	9,885	174,474
Public works	16,442	35,003	-	-	51,445
Recreation and social services	560,740	-	88,828	-	649,568
Economic and community development	-	-	-	149,992	149,992
Total expenditures	<u>11,555,670</u>	<u>281,189</u>	<u>1,656,127</u>	<u>1,018,234</u>	<u>14,511,220</u>
Excess(deficiency) of revenues over expenditures before other financing (uses) sources	<u>825,612</u>	<u>305,484</u>	<u>(285,877)</u>	<u>175,346</u>	<u>1,020,565</u>
Other financing (uses) sources:					
Issuance of debt	-	-	86,833	2,500,000	2,586,833
Transfers in	584,000	-	214,079	142,143	940,222
Transfers out	(356,222)	-	-	-	(356,222)
Total other financing sources	<u>227,778</u>	<u>-</u>	<u>300,912</u>	<u>2,642,143</u>	<u>3,170,833</u>
Net change in fund balances	<u>1,053,390</u>	<u>305,484</u>	<u>15,035</u>	<u>2,817,489</u>	<u>4,191,398</u>
Fund balances - beginning	5,611,002	1,595,814	(15,035)	1,399,602	8,591,383
Fund balances - ending	<u>\$ 6,664,392</u>	<u>\$ 1,901,298</u>	<u>\$ -</u>	<u>\$ 4,217,091</u>	<u>\$ 12,782,781</u>

See notes to basic financial statements

CITY OF MIAMI SPRINGS, FLORIDA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND TYPES

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 5,382,602	\$ 2,199,711	\$ 277,718	\$ 7,860,031
Total operating revenues	<u>5,382,602</u>	<u>2,199,711</u>	<u>277,718</u>	<u>7,860,031</u>
Operating expenses:				
Administrative costs	448,731	773,447	85,875	1,308,053
Operations and maintenance	520,330	303,521	45,585	869,436
Water and disposal costs	2,883,118	701,367	-	3,584,485
Depreciation and amortization	<u>620,382</u>	<u>108,841</u>	<u>140,676</u>	<u>869,899</u>
Total operating expenses	<u>4,472,561</u>	<u>1,887,176</u>	<u>272,136</u>	<u>6,631,873</u>
Operating income (loss)	<u>910,041</u>	<u>312,535</u>	<u>5,582</u>	<u>1,228,158</u>
Nonoperating revenues (expenses):				
Gain/(loss) on disposal of capital assets	(1,773,070)	-	-	(1,773,070)
Interest income	43,412	696	19,314	63,422
Interest expense and fees	<u>(564,034)</u>	<u>(5,617)</u>	<u>(19,331)</u>	<u>(588,982)</u>
Total nonoperating revenues (expenses)	<u>(2,293,692)</u>	<u>(4,921)</u>	<u>(17)</u>	<u>(2,298,630)</u>
Income (loss) before contributions and transfers	(1,383,651)	307,614	5,565	(1,070,472)
Capital contributions	39,251	-	-	39,251
Transfers	<u>(440,000)</u>	<u>(124,000)</u>	<u>(20,000)</u>	<u>(584,000)</u>
Change in net assets	(1,784,400)	183,614	(14,435)	(1,615,221)
Total net assets, October 1	<u>2,494,933</u>	<u>306,005</u>	<u>3,334,866</u>	<u>6,135,804</u>
Total net assets, September 30	<u>\$ 710,533</u>	<u>\$ 489,619</u>	<u>\$ 3,320,431</u>	<u>\$ 4,520,583</u>

See notes to basic financial statements.

CITY OF MIAMI SPRINGS, FLORIDA
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Business-type Activities - Enterprise Funds			Total
	Water & Sewer	Sanitation	Stormwater	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers, governments and other funds	\$ 5,654,588	\$ 2,283,853	\$ 287,893	\$ 8,226,334
Cash paid to suppliers	(3,719,171)	(1,233,004)	(59,906)	(5,012,081)
Cash paid to employees	(336,182)	(568,578)	(65,015)	(969,775)
Net cash provided by operating activities	<u>1,599,235</u>	<u>482,271</u>	<u>162,972</u>	<u>2,244,478</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers to other funds	(440,000)	(124,000)	(20,000)	(584,000)
Net cash used in noncapital financing activities	<u>(440,000)</u>	<u>(124,000)</u>	<u>(20,000)</u>	<u>(584,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	8,000,000	-	-	8,000,000
Principal retirements of capital debt	(8,796,685)	(72,817)	(41,458)	(8,910,960)
Interest paid on capital debt	(564,034)	(5,617)	(19,331)	(588,982)
Net cash used in capital and related financing activities	<u>(1,360,719)</u>	<u>(78,434)</u>	<u>(60,789)</u>	<u>(1,499,942)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and other income	43,412	696	19,314	63,422
Net cash provided by investing activities	<u>43,412</u>	<u>696</u>	<u>19,314</u>	<u>63,422</u>
NET INCREASE IN POOLED CASH AND CASH EQUIVALENTS	(158,072)	280,533	101,497	223,958
POOLED CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>1,496,340</u>	<u>33,358</u>	<u>759,800</u>	<u>2,289,498</u>
POOLED CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u>\$ 1,338,268</u>	<u>\$ 313,891</u>	<u>\$ 861,297</u>	<u>\$ 2,513,456</u>
POOLED CASH AND CASH EQUIVALENTS PER STATEMENT OF NET ASSETS				
Unrestricted	\$ 1,306,859	\$ 313,891	\$ 861,297	\$ 2,482,047
Restricted	31,409	-	-	31,409
TOTAL, SEPTEMBER 30	<u>\$ 1,338,268</u>	<u>\$ 313,891</u>	<u>\$ 861,297</u>	<u>\$ 2,513,456</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 910,041	\$ 312,535	\$ 5,582	\$ 1,228,158
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	620,382	108,842	140,677	869,901
Change in assets and liabilities:				
Decrease in accounts receivable	560,845	84,142	10,175	655,162
(Decrease) increase in accounts payable and accrued liabilities	(44,676)	(29,262)	5,312	(68,626)
Increase (Decrease) in accrued liabilities	(168,579)	18,131	-	(150,448)
Increase (Decrease) in compensated absences	2,422	(20,083)	-	(17,661)
Increase in OPEB liabilities	7,659	7,966	1,226	16,851
(Decrease) in customer deposits	(433,123)	-	-	(433,123)
Increase in deferred revenues	144,264	-	-	144,264
Total adjustments	<u>689,194</u>	<u>169,736</u>	<u>157,390</u>	<u>1,016,320</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,599,235</u>	<u>\$ 482,271</u>	<u>\$ 162,972</u>	<u>\$ 2,244,478</u>

See notes to basic financial statements



NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF MIAMI SPRINGS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Miami Springs, Florida (the "City") is a political subdivision of the State of Florida located in Miami-Dade County. The City operates under a Council-Manager form of government. The City Council is governed by the City Charter and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed City Manager. The City provides public safety, general government, recreation and public works services to its residents. The City does not provide educational, fire or hospital facilities. Those services are provided by the Miami-Dade County School Board and Miami-Dade County, respectively. The accompanying financial statements present the City for the fiscal year ended September 30, 2008.

The criterion for including component units consists of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criterion also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. 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 government. At September 30, 2008 the City had no entities that met the definition for inclusion as a blended or discretely presented component unit.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *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.

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

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Measurement Focus, Basis of Accounting and Basis of Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year. 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, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

The **general fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **road and transportation fund** is used to account for expenditures related to road and transportation improvements.

The **golf and country club fund** accounts for the operations of the City of Miami Springs Golf Course and Country Club.

The City reports the following major proprietary funds:

The **water and sewer fund** accounts for the provision of potable water to residents and the corresponding sewage disposal, which is processed by Miami-Dade County. The City operates the water treatment facility, water distribution system, sewage transportation pipelines, and sewage pumping stations.

The **sanitation fund** accounts for the operations of solid waste collection services, which are funded through user charges.

The **stormwater fund** accounts for the infrastructure and operations of stormwater transportation, which is funded through user charges.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise fund functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 water & sewer, sanitation, and stormwater fund, are charges to customers for services.

The water & sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of 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 City policy to use restricted resources first, and then unrestricted resources as needed.

D. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. The City maintains a pooled cash account for all funds. This enables the City to invest large amounts of idle cash for short periods of time and to optimize earnings potential.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

The City's investments are reported at fair value the majority of which are in the form of certificate of deposits, money market accounts, and overnight repo accounts with qualified public depositories.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Operating revenues in the Water and Sewer Enterprise Fund are generally recognized on the basis of cycle billings rendered monthly. Revenues for services delivered during the last month of the fiscal year that have not been read by September 30 are accrued based on meter readings for the applicable consumption period and billed in October.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Uncollectible accounts receivable allowances are based on historical trends.

F. Property Taxes

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the City by Miami Dade County on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and State law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes.

Assessed values are established by the Miami-Dade County Property Appraiser. In November 1992, a Florida constitutional amendment was approved by the voters, which provides for limiting the increases in homestead property valuations for ad valorem tax purposes to a maximum of 3% annually and also provides for reassessment of market values upon changes in ownership. The County bills and collects all property taxes and remits them to the City.

State statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10 per \$1,000 of assessed taxable valuation). The tax levy of the City is established by the City Council and the Miami-Dade County Property Appraiser incorporates the City's millage into the total tax levy, which includes the County and the County School Board tax requirements. The millage rate assessed by the City for the year ended September 30, 2008 was 6.3000 mills (\$6.3000 per \$1,000 of taxable assessed valuation). In addition, for the year ended September 30, 2008, the City assessed a debt service levy millage rate of .3579 (\$0.3579 per \$1,000 of taxable assessed valuation).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories and Prepaid Costs

Inventories are valued at cost using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted Assets

Certain assets of the debt service fund have been classified as restricted because their use is restricted by a bond indenture agreement for the City's debt service requirements. Proceeds from forfeiture funds are classified as restricted in the Law Enforcement Special Revenue Fund since these resources are specifically earmarked for law enforcement purposes only. Debt proceeds in the capital fund are also classified as restricted since the funds will be used only for specific capital projects. Additionally, proceeds from the People's Transportation Tax are classified as restricted since these resources may only be used for road and transportation related expenditures.

The balances of the restricted asset accounts in the enterprise funds' is comprised of \$31,409 which represents customer deposits placed with the City for utility services.

I. Capital Assets

Capital assets 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. The City defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Purchased or constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements	20-30
Public domain infrastructure	40
System infrastructure	50
Furniture and equipment	5-10

J. Unearned Revenues

Unearned revenues include amounts collected before revenue recognition criteria are met and receivables, which, under the modified accrual basis of accounting, are measurable, but not yet available. The unearned items consist primarily of license and permit revenues, as well as credit balances on utility accounts after water & sewer deposits were credited.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences

City employees are granted vacation and sick leave in varying amounts based on length of service and the department, which the employee serves. It is the City's sick leave policy to permit employees to accumulate earned but unused sick pay benefits.

The City's vacation policy is that earned vacation must be taken within one year of the employee's anniversary date, as there is no carryover from one period to another. Unused vacation pay, if any, is paid with the employee's termination or retirement.

The liability for these compensated absences is recorded as a long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absences that have matured (i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement), while the proprietary funds report the liability as it is incurred. For governmental activities, compensated absences are generally liquidated by the General Fund.

L. 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 issuance costs are amortized over the term of the related debt. For proprietary fund types, bonds payable are reported net of the applicable bond premium, discount, and issuance costs.

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 are reported as debt service expenditures.

M. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The description of each reserve indicates the purpose for which each is intended. Designations of fund balance represent tentative management plans that are subject to change.

Unreserved, undesignated fund balance is the portion of fund equity available for any lawful use.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts of assets, liabilities, disclosure of contingent liabilities, revenues, and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectability of receivables, the realization of pension obligations and the useful lives of capital assets. Although those estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. New Accounting Pronouncements

As further discussed in Note 12, the City implemented Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers of Postretirement Benefits Other Than Pensions, effective October 1, 2007.

As further discussed in Note 10, the City implemented Governmental Accounting Standards Board Statement No. 50, "Pension Disclosures (an amendment of GASB Statements No. 25 and No. 27)"; effective October 1, 2007.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state, and local laws and contractual regulations. The City has no material violations of finance-related legal and contractual obligations.

Fund Accounting Requirements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like any other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related requirements, bond covenants, and segregation for management purposes.

Revenue Restrictions

The City has various restrictions placed over certain revenue sources from federal, state, or local requirements. The primary revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gas Tax	Roads, sidewalks, streets
Transportation Tax	Transportation and roads
Nutrition Program for the Elderly	Grant Program Expenditures
Department of Health & Human Services	Grant Program Expenditures
Federal Forfeitures	Law Enforcement
Miami-Dade County GOB	Capital Improvement Projects
Federal Emergency Management Agency	Disaster mitigation

For the year ended September 30, 2008, the City complied, in all material respects, with these revenue restrictions.

Excesses of expenditures over appropriations

For the year ended September 30, 2008, expenditures exceeded appropriations in the city manager, \$3,397, information technology, \$8,096, fleet maintenance, \$10,730, rec. admin., \$49,161, and aquatics, \$55,503. These over-expenditures were funded by greater than anticipated revenues in the general fund. The Golf and Country Club Fund had expenditures exceeding appropriation by \$95,664. These over-expenditures were funded primarily by capital lease proceeds amounting to \$86,833, with the remainder via an interfund transfer from the General fund.

3. DEPOSITS AND INVESTMENTS

The City, for accounting and investment purposes, maintains a cash and investment pool for use by all City funds. This gives the City the ability to invest large amounts of idle cash for short periods of time and to maximize earning potential. Each fund's portion of this pool is displayed on the balance sheets as cash and equity in pooled cash and investments. Income earned on pooled cash and investments is allocated to the respective funds based on relative month-end balances. In addition, cash and investments are separately held by the City's Enterprise Funds and related investment income is recorded in these funds.

The City does not have a written investment policy and follows the State of Florida investment policy as set forth in State Statute 218-415. Allowable investments include United States government obligations, guaranteed United States agency short-term issues, the State Board of Administration (SBA) Local Government Surplus Funds Investment Pool (LGIP), Florida bank certificates of deposit, and investments authorized by City Council.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Certificates of Deposit	\$6,663,665	173
Law Enforcement Trust Repo Acct.	152,240	1
Operating Account. Repo Acct.	663,995	1
Suntrust NOW Account	\$ 277,040	1
Wachovia MMK	\$4,062,700	1
State Board of Administration	\$180,959*	1
Total Fair Value	<u>\$12,000,599</u>	
Portfolio weighted average maturity		<u>103</u>
* Net of unrealized loss of \$45,696		

At September 30th, 2008, the City's investment in the State Pool (SBA) consisted of:

LGIP	\$ -
Fund B	<u>180,959</u>
Total	<u>\$180,959</u>

Interest Rate Risk – The City does not have a written policy on interest rate risk, however, the City manages its exposure to declines in fair values by limiting the weighted average monthly maturity of its investment portfolio to less than six months (180 days). At September 30, 2008, the portfolio's weighted average maturity was 103 days. The weighted average days to maturity (WAM) of the LGIP at September 30, 2008 were 8.5 day. The weighted average life (WAL) of Fund B at September 30, 2008 was 9.36 years.

Credit Risk – The City's investments in the State Board of Administration (SBA) Local Government Surplus Funds Investment Pool (which has the characteristics of a Money Market Fund) are not required to be categorized as these investments are not evidenced by securities that exist in physical or book entry form. The State Pool is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. During the year, the SBA reported that State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial markets. Consequently the SBA placed some restrictions on how participants could access portions of their surplus fund and ultimately restructured the State Pool into two separate pools ("LGIP" and "Fund B"). The LGIP has adopted operating procedures consistent with the requirements for a 2a7-like fund.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk - Continued

At fiscal year-end, the City has no surplus fund invested in the LGIP. The LGIP was rated AAAM by Standard and Poors as of September 30th, 2008. The Fund B is reported at fair value, determined by the fair value per share of the pool's underlying portfolio and is not rated by a nationalized statistical rating agency.

Concentration of Credit Risk – There are no limits on the amount that may be invested in Certificates of Deposits (CD's) placed with public depositories or funds placed with the SBA. At September 30, 2008, 60% of the City's investments were in the form of CD's.

Custodial credit risk (deposits) - In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. All of the City's deposits are entirely insured by federal depository insurance or collateralized by the multiple financial institution collateral pool pursuant to Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act." Under the Act, all qualified public depositories are required to pledge eligible collateral having a fair value equal to or greater than the average daily or monthly balance of all public deposits, multiplied by the depository's collateral pledging level. The book value of the City's deposits on the balance sheet date was \$639,905. The bank balance of the City's deposits as of September 30, 2008 was \$1,230,138.

Custodial credit risk (investments) – For an investment, this 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 investment. The City's investments in the State Board of Administration (SBA) LGIP (which has the characteristics of a Money Market Fund) are not required to be categorized as these investments are not evidenced by securities that exist in physical or book entry form. Additionally, these investments are not entirely collateralized nor insured by the State of Florida.

A reconciliation of deposits and investments as shown on the balance sheet and the statement of net assets is as follows:

<u>Per Statement of Net Assets</u>		<u>By Category</u>	
Cash and equity in pooled cash and investments	\$9,781,195	Cash	\$2,509,168
Restricted assets:		Deposits	639,905
Cash and cash equivalents	<u>5,368,477</u>	Investments	<u>12,000,599</u>
	<u>\$15,149,672</u>		<u>\$15,149,672</u>

The City does not participate in any securities lending transactions nor has it used held or written derivative financial instruments.

4. RECEIVABLES AND PAYABLES

Receivables at year-end for the City's governmental funds, including the applicable allowance for uncollectible accounts, are as follows:

	<u>General</u>	<u>Road and Transportation</u>	<u>Golf</u>	<u>Other Governmental</u>	<u>Total Receivables</u>
Governmental activities					
Accounts	\$ 21,130	\$ -	\$ -	\$ -	\$ 21,130
Taxes	629,452	102,209	-	-	731,661
Other	<u>31,510</u>	<u>-</u>	<u>-</u>	<u>212,415</u>	<u>243,925</u>
Gross receivables	682,092	102,209	-	212,415	996,716
Less: Allowance for Uncollectibles	<u>(29,794)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,794)</u>
Net total receivables	<u>\$ 652,298</u>	<u>\$ 102,209</u>	<u>\$ -</u>	<u>\$ 212,415</u>	<u>\$ 966,921</u>

Receivables at year-end for the City's business-type activities, including the applicable allowance for uncollectible accounts, are as follows:

	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Totals</u>
Accounts	\$133,081	\$168,335	\$ 49,709	\$351,125
Less: Allowance for Un-collectibles	<u>(68,042)</u>	<u>(63,396)</u>	<u>(32,196)</u>	<u>(163,634)</u>
Net total receivables	<u>\$65,039</u>	<u>\$104,939</u>	<u>\$ 17,513</u>	<u>\$187,491</u>

Governmental funds report *unearned revenues* for receivables on revenues considered to be not yet available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition on revenues received but not yet earned. On September 30, 2008, *unearned revenue* in the governmental funds amounted to \$69,333 the majority of which, \$64,183, representing FY 2008-09 occupational licenses that were paid in advance.

Revenues of the Water and Sewer, Sanitation and Stormwater funds are reported net of uncollectible amounts. Because of the sale of Water & Sewer, and the subsequent reduction in receivables, the allowance for un-collectibles was adjusted against current revenues. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to solid waste fees	\$ 1,580
Uncollectibles related to stormwater fees	<u>706</u>
Total uncollectibles of the current fiscal year	<u>\$2,286</u>

4. RECEIVABLES AND PAYABLES (CONTINUED)

Payables at September 30, 2008 were as follows:

	<u>Vendors</u>
Governmental activities:	
General	\$ 186,187
Road & Transportation	56,603
Golf and Country Club	66,174
Nonmajor funds	<u>455,060</u>
Total governmental activities	<u>\$ 764,024</u>
Business-type activities:	
Water & sewer	\$399,283
Sanitation	1,187
Stormwater	<u>4,764</u>
Total business-type activities	<u>\$ 405,234</u>

5. CAPITAL ASSETS

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

	Balance				Balance
	<u>October 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>September, 30 2008</u>
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 3,085,904	\$ -	\$ -	\$ -	\$ 3,085,904
Construction in progress	<u>267,778</u>	<u>156,492</u>	<u>-</u>	<u>(66,118)</u>	<u>358,152</u>
Total capital assets not being depreciated	<u>3,353,682</u>	<u>156,492</u>	<u>-</u>	<u>(66,118)</u>	<u>3,444,056</u>
Capital assets being depreciated:					
Building	5,646,166	362,736	-	66,118	6,075,020
Infrastructure	15,436,941	35,789	-	-	15,472,730
Improvements other than buildings	3,375,415	27,125	-	-	3,402,540
Machinery and equipment	<u>5,616,086</u>	<u>445,089</u>	<u>(577,940)</u>	<u>-</u>	<u>5,483,235</u>
Total capital assets being depreciated	<u>30,074,608</u>	<u>870,739</u>	<u>(577,940)</u>	<u>66,118</u>	<u>30,433,525</u>
Less accumulated depreciation for:					
Building	(2,566,488)	(175,836)	-	-	(2,742,324)
Infrastructure	(10,669,478)	(383,866)	-	-	(11,053,344)
Improvements other than buildings	(1,277,973)	(166,856)	(583)	-	(1,445,412)
Machinery and equipment	<u>(3,232,397)</u>	<u>(568,968)</u>	<u>453,910</u>	<u>-</u>	<u>(3,347,455)</u>
Total accumulated depreciation	<u>(17,746,386)</u>	<u>(1,295,526)</u>	<u>453,327</u>	<u>-</u>	<u>(18,588,535)</u>
Total capital assets being depreciated, net	<u>12,328,222</u>	<u>(424,787)</u>	<u>(124,613)</u>	<u>66,118</u>	<u>11,844,990</u>
Governmental activities capital assets, net	<u>\$ 15,681,905</u>	<u>\$ (268,294)</u>	<u>\$ (124,613)</u>	<u>\$ -</u>	<u>\$ 15,289,046</u>

5. CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2007	Additions	Disposal and Transfers*	Balance September 30, 2008
Business-type activities				
Capital assets being depreciated:				
Infrastructure & Improvements	\$26,832,131	-	\$ (22,672,997)	\$4,159,134
Machinery and equipment	<u>2,039,809</u>	-	<u>(317,610)</u>	<u>1,722,199</u>
Total capital assets being depreciated	<u>28,871,940</u>	-	<u>(22,990,607)</u>	<u>5,881,333</u>
Less accumulated depreciation for:				
Building	-	-	-	-
Infrastructure & Improvements	(13,826,235)	(711,398)	13,152,502	(1,385,131)
Machinery and equipment	<u>(1,472,778)</u>	<u>(150,980)</u>	<u>246,818</u>	<u>(1,376,640)</u>
Total accumulated depreciation	<u>(15,299,013)</u>	<u>(862,378)</u>	<u>13,399,320</u>	<u>(2,762,071)</u>
Total capital assets being depreciated, net	<u>13,572,930</u>	<u>(862,378)</u>	<u>(9,591,287)</u>	<u>3,119,262</u>
Business activities capital assets, net	<u>\$ 13,572,930</u>	<u>\$(862,378)</u>	<u>\$(9,591,287)</u>	<u>\$ 3,119,262</u>

*Transfers of \$66,118 in governmental activities represent construction projects completed during FY2008. Disposals and transfers of \$22,990,607 in the business-type activities results primarily from the sale of water & sewer capital assets to Miami-Dade County as part of the utility transfer agreement. (See Note No. 9 Discontinued Operations)

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

General government	\$ 495,912
Public Safety	265,364
Public works	79,830
Recreation and social services	<u>454,420</u>
Total depreciation expense – governmental activities	<u>\$1,295,526</u>
Business- type activities	
Water & Sewer	\$ 612,861
Sanitation	108,841
Stormwater	<u>140,676</u>
Total depreciation expense – business- type activities	<u>\$ 862,378</u>

6. LONG-TERM DEBT

FDOT Note Payable

On October 1, 2002, the City signed a non-interest bearing promissory note (the “Note”) with the Florida Department of Transportation (the “FDOT”) in the amount of \$1,239,390 for the cost of relocating water and sewer utility lines located in the FDOT’s right of way related to the “Lejeune Flyover Project”. Under the terms of the note, the City is required to make 180 monthly payments of \$6,885 beginning on October 2002. However, if the total project costs upon completion are lower or greater than the original amount of the note, a new promissory note would be executed for the final project costs less payments made by the City as of the date of project completion. On February 1, 2005, a new non-interest bearing promissory note was signed by the City in the amount of \$608,428.

6. LONG-TERM DEBT (CONTINUED)

FDOT Note Payable (Continued)

Under the terms of the new note, the City is required to make 151 monthly installments of \$4,003 beginning February 1, 2005. As a requirement of the City's transfer of its water and sewer operation to Miami-Dade County, the balance of the promissory note, \$436,307, was paid in full on August 27th, 2008. Confirmation of the payoff was received from FDOT on August 28th, 2008.

Miami-Dade County Loan Payable

During fiscal year 2003, Miami Dade County (the "County") commenced a canal dredging project which was to be paid by various municipalities based on a local match responsibility allocation. During FY 2005, the County updated its cost estimates and the City's responsibility was determined to be \$414,578. On December 20, 2005, the city executed an interlocal agreement with Miami Dade County for the repayment of this debt. Under the terms of this agreement, the note will be repaid by the City in ten annual payments of \$41,458 plus interest, commencing December 20, 2006 and ending with a final payment on December 20, 2015. The note bears interest at a variable rate. At September 30, 2007, the rate was 4.51% and the outstanding balance was \$331,662.

Capital Improvement Revenue Note

On May 1, 2006, the City executed a \$500,000 Capital Improvement Revenue Note with Wachovia Bank. The Note has an interest rate of 4.22%, matures on May 1, 2011, and is collateralized by all legally available non ad-valorem revenues of the City. Proceeds were used for the renovation and improvement of the City's golf course at a cost of \$150,000, \$200,000 to replace restrooms at the City's parks, and \$150,000 for upgrading city hall security. Under the terms of the Note, the City is required to make twenty (20) quarterly payments principal and interest in the amount of \$27,861 commencing on August 1, 2006 and ending with the final payment of \$27,861 on May 1, 2011. At September 30, 2008, the outstanding balance was \$287,272.

On September 30th, 2008, the City executed a \$2,500,000 Capital Improvement Revenue Note (series 2008) with SunTrust Bank. The note has a fixed interest rate of 5.22% and matures on September 30, 2028. The note calls for interest only payments for the first twelve months and then there after, the principal is amortized over the remaining 19 years. The note is payable solely from and secured by the City's ½ cent sales tax revenues. The proceeds of the loan were deposited into a separate interest earning account for payment of expenditures related to the construction of the City's new community center.

General Obligation Bonds-Series 1997

On September 18, 1997, the City issued \$5,000,000 of General Obligation Bonds with interest rates ranging from 4.00% to 5.10%, which mature on February 1, 2013, for the purchase and renovation of the Miami Springs Golf Course and Country Club from the City of Miami. The bonds are secured by a debt service millage levy of .3953 mills. The balance at September 30th, 2008 was \$3,110,000.

Revenue Bonds

On May 1, 1998, the City issued \$11,435,000 in Utility Systems Revenue Refunding and Improvement Bonds with interest rates ranging from 3.75% to 4.85%, which mature on September 21, 2021, to advance refund \$7,515,000 of outstanding 1994 Series Refunding Bonds with interest rates ranging from 2.5% to 5%.

6. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

The net proceeds of \$10,898,910 (after payment of \$426,193 in underwriting fees, insurance, and other costs) plus an additional \$844,590 from 1994 Series reserve fund monies were used to purchase allowable investments in the amount of \$7,506,914. The remaining bond proceeds of \$3,391,996 were used to purchase short-term allowable investments to be utilized for the acquiring, construction, renovating, installing and equipping additions and improvements to the collection and transmission facilities of the sewer system. The \$7,506,914 in securities was deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1994 Series bonds. As a result, the 1994 Series bonds are considered to be defeased and the liability for those bonds has been removed from the water & sewer fund. During September 2004, the outstanding amount of the in-substance defeased debt had been called and paid off.

On August 26th, 2008, the City executed a promissory short term note in favor of Miami-Dade County in a principal amount of \$8,000,000 at an interest rate of 6%. The promissory note evidenced the advance funding of the principal amount provided by the County to defease the bond indebtedness of the City, in connection with the County taking title to the City of Miami's Water & Sewer System. On September 3rd, 2008, the City was notified by the escrow agent that the \$8,644,313 needed to fully defease and remove the liability of the bonds was in-place. As a result, the bonds have been removed from the water & sewer fund. The short-term promissory note was cancelled on September 3rd, 2008 accordance with the transfer agreement with the County for the utility transfer. (See note No. 9 Discontinued Operations)

Amounts needed to defease utilities system revenue refunding and improvement bond, series 1988:

• Principal	\$8,285,000
• Interest	202,213
• Call Premium	<u>157,100</u>
Total Amount	<u>\$8,644,313</u>

Debt service requirements to maturity for the fiscal year ending September 30 are summarized as follows:

	<u>Revenue Note</u>		<u>General Obligation Bonds</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ -	\$121,800	\$245,000	\$154,771	\$245,000	\$276,571
2010	71,688	130,736	255,000	142,519	326,688	273,255
2011	82,439	126,524	270,000	129,458	352,439	255,982
2012	86,563	122,399	285,000	115,511	371,563	237,910
2013-2017	510,157	534,656	1,665,000	332,938	2,175,157	867,594
2018-2022	664,380	380,432	390,000	10,335	1,054,380	390,767
2023-2028	<u>1,084,773</u>	<u>186,417</u>	-	-	<u>1,084,773</u>	<u>186,417</u>
Total, net	<u>\$2,500,000</u>	<u>\$1,602,964</u>	<u>\$3,110,000</u>	<u>\$885,532</u>	<u>\$5,610,000</u>	<u>\$2,488,496</u>

At September 30, 2008 and for the period then ended, the City had complied with the provisions of its bond indenture agreements.

6. LONG-TERM DEBT (CONTINUED)

Long-term debt activity for the year ended September 30, 2008 was as follows:

	October 1 2007	Additions	Reductions	September 30, 2008	Due within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 3,340,000	\$ -	\$(230,000)	\$ 3,110,000	\$245,000
Capital Improvement Revenue Note	385,073	2,500,000	(97,801)	2,787,272	111,445
Capital leases	<u>236,509</u>	<u>101,938</u>	<u>(126,965)</u>	<u>211,483</u>	<u>138,697</u>
Total bonds and notes payable	<u>3,961,582</u>	<u>2,601,938</u>	<u>(454,766)</u>	<u>6,108,755</u>	<u>495,142</u>
Other liabilities:					
Compensated absences	<u>1,167,831</u>	<u>608,787</u>	<u>(560,544)</u>	<u>1,216,074</u>	<u>140,911</u>
Governmental activity long-term liabilities	<u>\$ 5,129,413</u>	<u>\$3,210,725</u>	<u>\$(1,015,310)</u>	<u>\$ 7,324,829</u>	<u>\$636,053</u>
Business-type activities					
Bonds and notes payable:					
Sewer refunding bond	\$ 8,285,000	\$ -	\$(8,285,000)	\$ -	\$ -
Capital leases	181,290	-	(92,224)	89,066	89,066
Note payable State of Florida	473,452	-	(473,452)	-	-
Note payable Miami-Dade County	373,120	-	(41,458)	331,662	41,456
Less deferred amounts for issuance discounts	<u>(131,226)</u>	<u>-</u>	<u>131,226</u>	<u>-</u>	<u>-</u>
Total bonds and notes payable	<u>9,181,637</u>	<u>-</u>	<u>(8,760,908)</u>	<u>420,728</u>	<u>130,522</u>
Other liabilities:					
Compensated absences	<u>185,400</u>	<u>7,072</u>	<u>(24,733)</u>	<u>167,739</u>	<u>89,154</u>
Business-type activities Long-term liabilities	<u>\$ 9,367,037</u>	<u>\$ 7,072</u>	<u>\$(8,785,641)</u>	<u>\$ 588,467</u>	<u>\$219,676</u>

7. LEASES

Capital Leases

The City has entered into several lease agreements, with a local financial institution, as lessee for financing the acquisition of machinery & equipment for city-wide use. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of its future minimum lease payments as of the inception date. The gross amount of equipment leased and capitalized under these leases was approximately \$784,833.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2008, were as follows:

	Year ending <u>September 30,</u>
2009	\$ 240,666
2010	55,614
2011	15,584
Total minimum lease payments	311,864
Less: amount representing interest	
Interest at various APRs	<u>(11,314)</u>
Present value of minimum Lease payments	<u>\$ 300,549</u>

Capital assets acquired through the issuance of capital leases are as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Machinery and equipment	\$443,721	\$341,112
Less: Accumulated depreciation	<u>(112,264)</u>	<u>(74,390)</u>
	<u>\$331,457</u>	<u>\$266,722</u>

7. LEASES (CONTINUED)

Operating Leases

The City leases equipment for its Golf and Country Club Fund under non-cancelable operating leases. Total costs for such leases were \$56,025 for the fiscal year ended September 30, 2008. The City also leases office equipment under non-cancelable operating leases. Total costs for such leases were \$46,285 for the fiscal year ended September 30, 2008

The future minimum lease payments are as follows:

	Year ending <u>September 30,</u>
2009	\$ 67,736
2010	67,736
2011	<u>11,711</u>
Total	<u>\$ 147,183</u>

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances at September 30, 2008 and the amount of interfund transfers for the fiscal year ended September 30, 2008 are as follows:

	<u>Interfund Receivable*</u>	<u>Interfund Payable*</u>	<u>Transfers In**</u>	<u>Transfers Out**</u>
General	\$1,654	\$ 811	\$ 584,000	\$ 356,222
Golf and Country Club Fund	811	-	214,079	-
Non-major governmental	-	1,654	142,143	-
Water and Sewer Fund	-	-	-	440,000
Sanitation Fund	-	-	-	124,000
Stormwater Fund	-	-	-	<u>20,000</u>
Total	<u>\$ 2,465</u>	<u>\$ 2,465</u>	<u>\$940,222</u>	<u>\$940,222</u>

*The balance of \$1,654 receivable by the general fund represents over-time payments made on behalf of the Police Grants Fund to be reimbursed.

**Transfers in/out during the fiscal year are as follows:

- \$142,716 was transferred from the General fund to the Senior Center fund to meet the City's matching requirements of certain grant agreements awarded to the Senior Center.
- \$214,079 was transferred from the General fund to the Golf and Country Club fund to cover excess of expenditures over revenues in the Golf and Country Club operation. \$811 in additional funding is still due to the fund.
- \$440,000 was transferred from the Water & Sewer fund, \$20,000 from the Stormwater Fund, and 124,000 from the Sanitation fund to the General fund as administrative charges.
- A net \$(573) was transferred from the Grants fund to cover the City's matching portion of the forestry grant that was not needed.

9. DISCONTINUED OPERATIONS

On September 3rd, 2008 and after several years of negotiations with Miami-Dade County, the City completed the sale and transfer of its water and sewer utility to the County. The City's primary reason for relieving itself of the utility was in mitigating an estimated \$40 million in overdue repairs to the water and sewer system. As part of the transfer agreement, certain capital assets of the City, including land improvement, equipment, and inventory were conveyed to the County. In exchange, the County provided the necessary funding to call and defease the City's revenue bonds. As of September 30th 2008, the City will account for the water and sewer utility as a discontinued operation. The fund will remain open beyond September 30th 2008 in order to account for certain residual revenues and expenses of the fund.

A summary of the results of the water and sewer operation follows:

	<u>2008</u>
Revenues	\$5,382,602
Costs and expenses	<u>5,393,932</u>
Income (loss) from discontinued operation	(11,330)
Less loss on disposal of discontinued operation	<u>1,773,070</u>
Loss from discontinued operations	<u>\$(1,784,400)</u>

A summary of the Loss on disposal of the discontinued operation follows:

Net book value of land improvements	\$ 9,773,070
Proceeds from sale	<u>(8,000,000)</u>
Loss on disposal of discontinued operation	<u>\$ 1,773,070</u>

10. EMPLOYEE RETIREMENT PLANS

(1) Plan Description

The City contributes to two single employer defined benefit pension plans: General Employees' Plan and the Police and Firefighters' Plan. Each plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. The Pension Boards' of each retirement plan are authorized to establish and amend benefit provisions. Each plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing the City of Miami Springs, 201 Westward Drive, Miami Springs, Florida 33166.

10. EMPLOYEE RETIREMENT PLANS (CONTINUED)

(2) Funding Policy

General Employees

The pension board establishes the required employee contribution and the City is required to contribute the amount in excess of employee contributions to cover the annual pension cost. City employee members are required to contribute 5% of their annual covered salary, the City's contribution is limited to 10% of compensation paid to participants during the year. The covered payroll for plan members for the year ended September 30, 2008 was approximately \$3,300,000. Annual contributions are actuarially determined as specified by the Retirement Ordinance as of October 1.

Police and Firefighters

The regular member contribution rate for both bargaining unit employees and non-bargaining unit managerial employees in that capacity after September 27, 1993 is 9% of earnings. If the combined City and Member contributions required for a year are less than 14% of covered payroll, the difference under 14% shall be rounded to the nearest .1% of budgeted payroll. The resulting difference shall be divided in two, with plan members reducing their contribution rates by half the difference, and the City reducing its contribution by the remaining half for that fiscal year. However, if the combined City and member contributions for any one fiscal year exceed 18% of the budgeted payroll for police officers, the excess rate over 18% will be divided by two with plan members paying half of the excess and the City paying the other half for that fiscal year. Annual contributions are actuarially determined as specified by the Retirement Ordinance as of October 1.

(3) Annual Pension Cost and Net Pension Asset

General Employees

The City's annual pension cost and net pension asset to the General Employees Retirement System for the years ended September 30, 2008 was as follows:

Annual required contribution	\$(194,946)
Interest on net pension asset	4,176
Adjustment to annual required contribution	<u>(7,465)</u>
Annual pension cost	(198,235)
Contributions made	<u>203,625</u>
(Decrease) in net pension asset	5,390
Net pension asset, beginning of year	<u>52,196</u>
Net pension asset, end of year	<u>\$57,586</u>

The annual required contribution for the current year was determined based on an October 1, 2007 actuarial valuation date using the aggregate actuarial cost method. Significant actuarial assumptions used in the actuarial valuation include (i) a rate of return on the investment of present and future assets of 8% a year compounded annually, (ii) projected salary increases ranging from 6%. Both (i) and (ii) include an inflation component of 4%. The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

10. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Three-Year Trend Information			
Fiscal Year	Annual Pension	% of Annual	Net Pension
<u>Ended</u>	<u>Cost (APC)</u>	Contribution	<u>Asset</u>
		<u>(APC)</u>	
9/30/06	83,793	88.6	54,164
9/30/07	128,896	98.5	52,196
9/30/08	198,235	102.7	57,586

Police & Firefighters

The City's Annual Pension Cost and net pension asset to the Police & Firefighters' Plan for the years ended September 30, 2008 were as follows:

Annual required contribution	\$(337,176)
Interest on net pension asset	6,168
Adjustment to annual required contribution	<u>(10,720)</u>
Annual pension cost	<u>(341,728)</u>
Contributions made	<u>343,513</u>
Increase in net pension asset	1,785
Net pension asset, beginning of year	<u>77,105</u>
Net pension asset, end of year	<u>\$ 78,890</u>

The annual required contribution for the current year was determined based on an October 1, 2007 actuarial valuation date using the aggregate actuarial cost method. Significant actuarial assumptions used in the actuarial valuation include (i) a rate of return on the investment of present and future assets of 8% a year compounded annually, (ii) projected salary increases ranging from 6%. Both (i) and (ii) include an inflation component of 4%. The assumptions did not include post-retirement benefit increases. The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Three-Year Trend Information			
Fiscal Year	Annual Pension	% of Annual	Net Pension
<u>Ended</u>	<u>Cost (APC)</u>	Contribution	<u>Asset</u>
		<u>(APC)</u>	
9/30/06	63,682	99.5	64,053
9/30/07	149,175	108.7	77,105
9/30/08	341,728	100.5	78,890

10. EMPLOYEE RETIREMENT PLANS (CONTINUED)

(4) Funded Status and Funding Progress

The funded status of the Plans as of October 1, 2007, the most recent actuarial valuation date, is as follows:

General Employees' Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded Accrued Liability (UAAL) (b)-(a)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAAL As % of Covered Payroll ((b)-(a))/(c)
10/1/07	13,786,880	12,271,087	(1,515,793)	112.4	3,364,865	(45.0)

Police & Firefighters' Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded Accrued Liability (UAAL) (b)-(a)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAAL As % of Covered Payroll ((b)-(a))/(c)
10/1/07	21,524,929	20,247,518	(1,277,411)	106.3	2,758,044	(46.3)

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation follows:

	<u>General Employees</u>	<u>Police & Firefighters' Plan</u>
Valuation date	October 1, 2007	October 1, 2007
Actuarial cost method	Aggregate	Aggregate
Amortization method	N/A	N/A
Remaining amortization period	N/A	N/A
Asset valuation method	5 Year Smooth Market	5 Year Smooth Market
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	6.50%	6.00%
Inflation	4.00%	4.00%
Cost of living adjustments	N/A	N/A

(5) DROP Plan

On October 8, 2001, the general Employees Retirement Plan adopted a Deferred Retirement Option Plan ("DROP") for participants who are eligible to receive normal retirement. Eligible members may participate by applying to the Board.

On February 9, 1998, the Police and Firefighters Pension Plan adopted a DROP for participants who are eligible to receive normal retirement and have either attained age 55 with ten years of continuous service, or have completed 25 years of service. Eligible members may participate by applying to the Board.

10. EMPLOYEE RETIREMENT PLANS (CONTINUED)

(5) DROP Plan (Continued)

For Police & Firefighters', eligibility to participate shall be forfeited if not exercised within the first 29 years of service. However, participation will be permitted for those members with more than 27 years of service as of January 1, 1998.

Upon a member's election to participate in the DROP, that member shall cease to be a member his or her respective Plan and shall be precluded from any additional benefits under the Plan; accordingly, that member shall be considered retired.

Monthly retirement benefits that would have been payable had the member retired and elected to receive monthly pension payments will be paid into the DROP and credited to the retired member. Payments into the DROP are made monthly for the period the retired member participates in the DROP, up to a maximum of 60 months.

Payments into the DROP will earn the same return as earned by the remainder of the Plan assets.

Upon termination of employment, participants in the DROP have the option of receiving the balance of their account either in a lump sum distribution or in any other form of payment selected by the participant, approved by the Board and conforming to applicable laws.

(6) Defined Contribution Plan

The City of Miami Springs 401(a) Money Purchase Plan is a defined contribution plan established by the City to provide benefits at retirement for certain employees of upper management. At September 30, 2008, there were three plan members, the City Manager, Assistant City Manager and the Finance Director. The City is required to contribute on behalf of each participant 14.89% of earnings for the plan year. Participants are not permitted to make contributions. City contributions fully vest in the year they are contributed. Plan provisions and contribution requirements are established and may be amended by the City Council.

The plan assets are administered by ICMA Retirement Corp. Participants are mailed quarterly statements or can obtain daily account balances through the Internet. The City does not exercise any control over the plan assets. Contributions were approximately \$47,077 for the year ended September 30, 2008.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. There have been no reductions in insurance coverage from coverages in the prior year and there have been no claims settled which have exceeded insurance coverage for each of the past three years.

Liability Insurance

The public liability program is designed to cover all public liability type claims incurred, subject to the limitation established by the State of Florida Waiver of Sovereign Immunity Act. Insurance coverage is primarily provided by the Florida Municipal Liability Insurance Program supplemented by other policies and outside carriers. The City's deductible portion of liability claims and premiums paid to insurers are charged to the funds as incurred.

11. RISK MANAGEMENT (CONTINUED)

Workmen's Compensation

The City participates in Miami Dade County's self insured workmen's compensation program. Premiums are billed annually and are based on the City's claim history.

12. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. City of Miami Springs ("the City") administers a single-employer defined benefit healthcare plan ("the Plan") that provides postretirement medical and dental coverage to retirees as well as their eligible spouses and dependents. Benefits are provided through the City's group health insurance plan. The Plan does not issue a publicly available financial report.

Eligibility: Any employee of the City of Miami Springs who satisfies the Vesting, Disability, Early or Normal Retirement provisions of the applicable Retirement Plans may be eligible for certain post-employment benefits. Following presents the eligibility requirements for retirement under the City's three Retirement Plans: Police and Firemen Pension Plan, General Employees Pension Plan and General Employees 401(a)

Vesting retirement: General Employees: Members become fully vested after 5 years of credited service. Police Officers: Members become fully vested after 5 years of credited service. However, with respect to all groups, there are no OPEB benefits available after termination of employment, unless employee satisfies eligibility requirements for any other retirement benefits listed below.

Disability retirement: General Employees: Members are eligible for a non-duty disability pension after 10 years of creditable service. For duty disability, there is no service credit requirement. Police Officers: Members are eligible for a non-duty disability pension after 10 years of creditable service. For duty disability, there is no service credit requirement.

Early retirement: General Employees: The attainment of age 55 with 10 years of creditable service. Police Officers: The attainment of age 50 with 10 years of creditable service.

Normal retirement: General Employees: The earliest of the attainment of age of 62 with 5 years of creditable service or when age plus service equals 75 years. Police Officers: The earliest of the attainment of age of 55 with 10 years of 20 years of service regardless of age.

DROP retirement: General Employees and Police Officers: The Deferred Retirement Option Program (DROP) is available to Members of Pension Plans at the attainment of the applicable Normal Retirement Age. While in DROP, participants receive coverage as active employees with eligibility for OPEB immediately after actual retirement.

DC Plan participants: There are no age or service requirements that must be met to "retire" under the provisions of the Defined Contribution Plan. However, to be eligible for OPEBs employees must meet requirements applicable to similarly situated participants of the Pension Plan.

The post-employment benefits include (a) continued coverage for the retiree and dependent in the Medical/Prescription, (b) continued coverage under the Dental Plan and (c) continued coverage under the Vision Plan.

Health-Related Benefits: Eligible retirees may choose among the same Medical Plan options available for active employees of the City. Dependents of retirees may be covered at the retirees' option the same as dependents of active employees. Prescription Drug coverage is automatically extended to retirees and their dependents who continue coverage under any one of the Medical Plan options. Covered retirees and their dependents are subject to all the same Medical and Prescription Drugs benefits and rules for coverage as are active employees. Retirees and their dependents who attain age 65 are not required to enroll in Part B under Medicare in order to remain covered under the program. The Plan pays as secondary only for those actually enrolled in Parts A and B.

12. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Continued coverage in the City's Dental and Vision Plans is available to all retirees and their dependents under the same terms as active employees.

Results presented in this report are based on the healthcare plan design in effect as of October 1, 2006.

Retiree Contributions for Medical/Prescription Benefits: All retirees must pay the required premium presented below in order to continue coverage for themselves and/or their dependents after retirement. The stated policy is that premium contribution required from retirees is equal to the blended group rate. The following chart presents the current (November 1, 2006) premium contributions required to be paid by retirees for continued coverage.

Premiums Paid by Retirees* as of November 1, 2006		
Plan	Retiree Only	Retiree and Spouse
HMO	\$295.76	\$656.60
POS	\$316.92	\$703.56

*Regardless of Medicare Eligibility

Survivorship Benefits: No benefit (other than COBRA coverage) is offered to surviving dependents of either active employees or retirees.

Dental and Vision Plans: Dental and vision benefits for retirees and their dependents are voluntary and fully paid by the employee. Consequently, dental and vision benefits are not Employer-provided in any sense and are not considered as other post-employment benefits for the purposes of GASB Statement No. 45.

COBRA benefits: Former employees, retirees and dependents may be eligible for extended benefits under COBRA, regardless of the terms of the employer's other post-employment benefits. COBRA benefits are not considered as other post-employment benefits for the purposes of GASB Statement No. 43 and 45.

Life insurance: General Employee retirees may also continue after retirement their participation in the Employer-sponsored life insurance policy. The benefit is 100% of salary until age 65, whereupon the policy drops to \$ 5,000. There is no cost to retiree.

Termination and amendment: The post-employment benefits are extended to retirees and continued at the discretion of the City, which reserves the right (subject to State Statute and any collective bargaining agreements) to change or terminate benefits and to change contributions required from retirees in the future as circumstances change.

For fiscal year 2008, the City contributed \$58,120 to the plan.

The postretirement medical and dental benefits are currently funded on a pay-as-you go basis (i.e., City funds on a cash basis as benefits are paid). No assets have been segregated and restricted to provide postretirement benefits.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

12. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The City's annual OPEB cost for the fiscal year ended 2008, the first year of implementation of GASB Statement 45, and the related information for each plan are as follows:

Annual required contribution	\$149,421
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>149,421</u>
Contributions made	58,120
Increase in net OPEB obligation	<u>91,300</u>
Net OPEB obligation—beginning of year	-
Net OPEB obligation—end of year	<u><u>\$ 91,300</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2008	\$149,421	38.90%	\$91,300

Funded Status and Funding Progress. The schedule below shows the balance of the actuarial accrued liability (AAL), all of which was unfunded as of September 30, 2008.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (a-b)/c
10/1/2007	\$ 0	\$1,483,425	\$1,483,425	0%	\$6,301,839	23.54%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions by the City are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. Projections of benefits are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

12. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The following summarizes other significant methods and assumptions used in valuing the AAL and benefits under the plan.

Actuarial valuation date	10/01/2006
Amortization method	Entry Age Normal Cost Method
Remaining amortization period	30 years
Actuarial assumptions:	
Discount rate	4.75%
Payroll growth assumption	4.00%
Mortality table	1983 Group Annuity Mortality

Further, the valuation assumes that the City will continue to fund the liability on a pay-as-you-go basis and that the City's policy is that its per-capita contribution for retiree benefits will remain as the 2008 level. As a result, the retiree contributions will be increased to the extent necessary so that they are sufficient to provide for the difference between the gross costs and the fixed City contributions.

13. COMMITMENTS AND CONTINGENCIES

Litigation

Various suits and claims arising in the ordinary course of operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of legal counsel, the City has sufficient insurance coverage to cover any claims and/or liabilities, which may arise from such action. The effect of such losses would not materially affect the financial position of the City or the results of its operations.

BFI Waste Services of North America vs. City of Miami Springs

The City has been sued for monies allegedly due to the plaintiff for Hurricane Katrina related clean-up costs. The City has filed an Answer, Affirmative Defenses, Counterclaim and Motion to Strike in litigation. It is the City's position that it does not owe these additional monies and that, in fact, the city has previously overpaid the Plaintiff for the claimed services. Litigation has been "stayed" at the request of the Plaintiffs attorney. It is not known at this time what the final outcome of this litigation will be. The City has decided to record an accrual for \$412,562 in the Hurricane fund. This amount represents the total amount being requested by plaintiff in their suit. The accrual was still in place at September 30th, 2008.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. In the opinion of management, future disallowances of grant expenditures, if any, would not have a material adverse effect on the City's financial condition.

Operational food and beverage agreement

On January 9, 2006, the City entered into an agreement (the Agreement) with Miami Springs Country Club F&B, Inc. (the Company) which authorized the Company to be the exclusive operator of all food and beverage services at the Miami Springs Golf and Country Club. The term of the Agreement is for a five year period and not subject to any option or automatic renewal. The Agreement also calls for reimbursement of City renovation costs totaling \$30,000.



**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)**

CITY OF MIAMI SPRINGS, FLORIDA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes and franchise fees	\$ 7,550,255	\$ 7,550,255	\$ 7,828,062	\$ 277,807
Charges for services	206,220	206,220	238,951	32,731
Public service taxes	1,582,174	1,582,174	1,667,393	85,219
Intergovernmental	1,685,625	1,715,255	1,610,304	(104,951)
Licenses and permits	538,993	538,993	536,203	(2,790)
Fines and forfeitures	183,773	183,773	168,422	(15,351)
Investment income	279,000	279,000	186,085	(92,915)
Miscellaneous	140,229	140,229	145,862	5,633
Total revenues	<u>12,166,269</u>	<u>12,195,899</u>	<u>12,381,282</u>	<u>185,383</u>
Expenditures:				
General government:				
Council	52,709	56,025	53,591	2,434
City Clerk	260,995	263,251	234,706	28,545
City Manager	417,696	474,135	477,532	(3,397)
City Attorney	117,000	117,000	105,531	11,469
Human Resources	219,282	233,122	202,592	30,530
Finance	673,605	677,343	620,460	56,883
Information Technology	294,570	295,862	303,958	(8,096)
Other-unclassified	860,261	722,061	393,053	329,008
Total general government	<u>2,896,118</u>	<u>2,838,799</u>	<u>2,391,423</u>	<u>447,376</u>
Public safety:				
Police	5,211,871	5,269,645	4,877,577	392,068
Planning	241,858	244,932	144,133	100,799
Building & Zoning	666,696	686,764	553,998	132,766
Total public safety	<u>6,120,425</u>	<u>6,201,341</u>	<u>5,575,708</u>	<u>625,633</u>
Public works:				
Administration	501,183	504,078	491,335	12,743
Streets & sidewalks	434,007	435,735	282,744	152,991
Properties	845,398	845,983	729,858	116,125
Building maintenance	216,438	248,186	215,353	32,833
Fleet maintenance	20,063	35,509	46,239	(10,730)
Total public works	<u>2,017,089</u>	<u>2,069,491</u>	<u>1,765,529</u>	<u>303,962</u>
Recreation:				
Administration	827,090	1,264,958	1,314,119	(49,161)
Aquatics	260,985	286,638	342,141	(55,503)
Tennis	115,157	115,572	41,821	73,751
Park maintenance	129,803	134,689	124,929	9,760
Total recreation	<u>1,333,035</u>	<u>1,801,857</u>	<u>1,823,010</u>	<u>(21,153)</u>
Total expenditures	<u>12,366,667</u>	<u>12,911,488</u>	<u>11,555,670</u>	<u>1,355,818</u>
Excess(deficiency) of revenues over (under) expenditures	<u>(200,398)</u>	<u>(715,589)</u>	<u>825,612</u>	<u>1,541,201</u>
Other financing sources (uses):				
Proceeds from debt	-	-	-	-
Transfers in	584,000	584,000	584,000	-
Transfers out	(147,716)	(227,884)	(356,222)	(128,338)
Total other financing sources	<u>436,284</u>	<u>356,116</u>	<u>227,778</u>	<u>(128,338)</u>
Net change in fund balance	235,886	(359,473)	1,053,390	1,412,863
Fund balances, October 1	<u>5,611,002</u>	<u>5,611,002</u>	<u>5,611,002</u>	<u>-</u>
Fund balances, September 30	<u>\$ 5,846,888</u>	<u>\$ 5,251,529</u>	<u>\$ 6,664,392</u>	<u>\$ 1,412,863</u>

See notes to budgetary comparison schedule

CITY OF MIAMI SPRINGS, FLORIDA
BUDGETARY COMPARISON SCHEDULE
ROAD AND TRANSPORTATION FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 594,783	\$ 594,783	\$ 547,182	\$ (47,601)
Interest revenue	-	-	39,437	39,437
Miscellaneous	-	-	54	54
Total revenues	<u>594,783</u>	<u>594,783</u>	<u>586,673</u>	<u>(8,110)</u>
Expenditures:				
Current:				
Public works	294,451	404,965	246,186	158,779
Capital outlay:				
Public works	<u>355,000</u>	<u>355,000</u>	<u>35,003</u>	<u>319,997</u>
Total expenditures	<u>649,451</u>	<u>759,965</u>	<u>281,189</u>	<u>478,776</u>
Excess (deficiency) of revenues over expenditures	<u>(54,668)</u>	<u>(165,182)</u>	<u>305,484</u>	<u>470,666</u>
Net change in fund balance	<u>(54,668)</u>	<u>(165,182)</u>	<u>305,484</u>	<u>470,666</u>
Fund balances, October 1	<u>1,595,814</u>	<u>1,595,814</u>	<u>1,595,814</u>	<u>-</u>
Fund balances, September 30	<u>\$ 1,541,146</u>	<u>\$ 1,430,632</u>	<u>\$ 1,901,298</u>	<u>\$ 470,666</u>

See notes to budgetary comparison schedule

CITY OF MIAMI SPRINGS, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GOLF AND COUNTRY CLUB FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ 1,491,655	\$ 1,491,655	\$ 1,370,250	\$ (121,405)
Total revenues	<u>1,491,655</u>	<u>1,491,655</u>	<u>1,370,250</u>	<u>(121,405)</u>
Expenditures:				
Recreation and culture	1,326,863	1,405,945	1,454,213	(48,268)
Debt service	133,432	133,432	113,086	20,346
Capital outlay	20,000	21,086	88,828	(67,742)
Total expenditures	<u>1,480,295</u>	<u>1,560,463</u>	<u>1,656,127</u>	<u>(95,664)</u>
Deficiency of revenues over expenditures	<u>11,360</u>	<u>(68,808)</u>	<u>(285,877)</u>	<u>(217,069)</u>
Other financing sources				
Proceeds from debt	-	-	86,833	-
Transfers in	-	80,168	214,079	133,911
Transfers out	-	-	-	-
Total other financing sources	<u>-</u>	<u>80,168</u>	<u>300,912</u>	<u>133,911</u>
Net change in fund balance	11,360	11,360	15,035	3,675
Fund balances, October 1	<u>(15,035)</u>	<u>(15,035)</u>	<u>(15,035)</u>	<u>-</u>
Fund balances, September 30	<u>\$ (3,675)</u>	<u>\$ (3,675)</u>	<u>\$ -</u>	<u>\$ 3,675</u>

See notes to budgetary comparison schedule

CITY OF MIAMI SPRINGS, FLORIDA
NOTE TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2008

A. Budgetary Information

The following procedures are used to establish the budgetary data reflected in the financial statements:

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States.

1. Prior to July 30 of each year, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing such expenditures.
2. Public hearings are held to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The level of control at which expenditures may not exceed budget is at the departmental level. The City Commission approves these levels by annual resolution. The City Manager is authorized to transfer budgeted amounts within individual departments; any revisions that alter the total expenditures of any appropriation center within a fund must be approved by the City Commission.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because commitments will be re-appropriated and honored during the subsequent year. The City legally adopts budgets for all major governmental and business-type funds as well as the Hurricane, Grants, Law Enforcement Trust, Senior Center, Capital and Debt Service non major governmental funds.

Appropriations lapse at year end, except for grants and shared revenues from other governmental units which do not lapse at year-end and are only reported to the extent of revenues recognized, and expenditures incurred for the current year. Individual amendments were not material in relation to the original adopted budget.

The final budget includes budget transfers and supplemental appropriations, which have the effect of adjusting the original adopted budget. General Fund supplemental appropriations amounted to \$.7 million for the fiscal year ended September 30, 2008 and consist primarily of the roll-forward of encumbrances from FY 2007, increases in transfers to other funds, and additional appropriations for construction projects.

For the year ended September 30, 2008, expenditures exceeded appropriations in the city manager, \$3,397, information technology, \$8,096, fleet maintenance, \$10,730, rec. admin., \$49,161, and aquatics, \$55,503. These over-expenditures were funded by greater than anticipated revenues in the general fund. The Golf and Country Club Fund had expenditures exceeding appropriation by \$95,664. These over-expenditures were funded primarily by capital lease proceeds amounting to \$86,833, with the remainder via an interfund transfer from the General fund.

CITY OF MIAMI SPRINGS, FLORIDA
EMPLOYEES' AND POLICE & FIREFIGHTERS' PLANS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 (Unaudited)

General Employees' Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded Accrued Liability (UAAL) (b)-(a)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL As % of Covered Payroll ((b)-(a))/(c)
10/1/02	11,845,208	9,776,521	(2,068,687)	121.2	3,222,834	(64.2)
10/1/03	12,040,035	10,265,029	(1,775,006)	117.3	3,262,260	(54.4)
10/1/04	12,194,853	10,766,920	(1,427,933)	113.3	3,160,625	(45.2)
10/1/05	12,407,308	11,326,985	(1,080,323)	109.5	3,155,692	(34.2)
10/1/06	12,767,033	11,434,793	(1,332,240)	111.7	3,157,952	(42.2)
10/1/07	13,786,880	12,271,087	(1,515,793)	112.4	3,364,865	(45.0)

Police & Firefighters' Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded Accrued Liability (UAAL) (b)-(a)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL As % of Covered Payroll ((b)-(a))/(c)
10/1/02	18,220,141	14,386,889	(3,833,252)	126.6	1,975,547	(194.0)
10/1/03	18,524,225	15,064,523	(3,459,702)	123.0	2,150,827	(160.9)
10/1/04	18,785,109	16,705,557	(2,079,552)	112.4	2,129,336	(97.7)
10/1/05	19,124,909	17,915,014	(1,209,895)	106.8	2,643,594	(45.8)
10/1/06	19,830,782	18,856,229	(974,553)	105.2	2,577,762	(37.8)
10/1/07	21,524,929	20,247,518	(1,277,411)	106.3	2,758,044	(46.3)

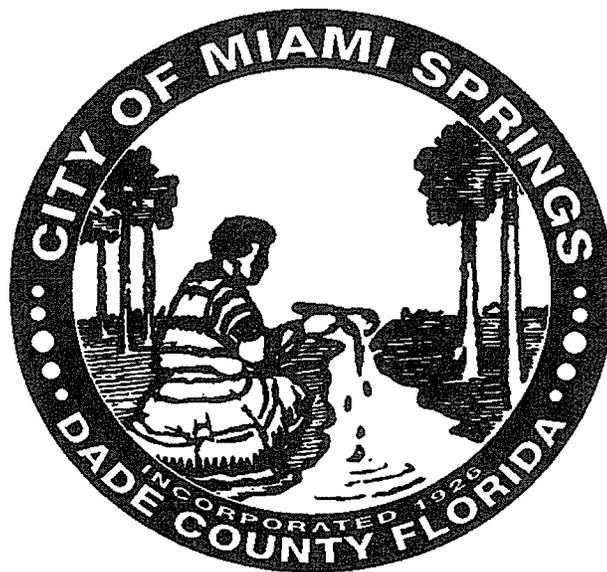
CITY OF MIAMI SPRINGS, FLORIDA
EMPLOYEES' AND POLICE & FIREFIGHTERS' PLANS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS

General Employees' Pension Fund:

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
9/30/02	-0-	N/A
9/30/03	-0-	N/A
9/30/04	42,827	100.0
9/30/05	79,730	93.1
9/30/06	125,237	101.4
9/30/07	198,235	102.7

Police & Firefighters' Pension Fund:

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
9/30/02	43,649	117.5
9/30/03	44,346	111.6
9/30/04	51,555	104.3
9/30/05	61,673	102.7
9/30/06	144,756	112.1
9/30/07	341,728	100.5



COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds account for revenues from revenue sources which by law are designated to finance particular functions or activities of government.

Law Enforcement Trust Fund. This fund accounts for the resources accumulated from the sale of forfeited property as well as federal grants, all proceeds are to be used for law enforcement purposes only.

Senior Center Fund. This fund is used to account for the financial management of programs funded under Title III of the Older Americans Act.

Grants Fund. This fund is used to account for monies provided to the City from an outside agency, other than routine revenues, which are normally slated to accomplish a specific project or task. Grant funds can either be an entitlement to which the City is qualified to receive by virtue of its existence, or discretionary which the City must compete for.

Hurricane Fund. This fund is used to account for FEMA funds received and the expenditures related thereto resulting from hurricane and tropical storm clean up and restoration

Police Grants Fund. This fund is used to account for funds received by the City which are strictly designated for police related expenditures.

Debt Service Fund

General Obligation Debt Service Fund – to account for the accumulation of transfers from other funds and payment of principal and interest and fiscal charges on the City's general obligation bonds which are payable from ad valorem taxes.

Capital Projects Fund

Capital Projects Fund. This fund is used to account for the Curtis Mansion renovation project and the recreation complex construction, which are partly funded by the Miami-Dade County GOB bonds.

CITY OF MIAMI SPRINGS, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2008

	Special Revenue						Debt Service			Capital Projects		Total Nonmajor Governmental Funds
	Hurricane	Senior Center	Grants	Criminal Justice	Law Enforcement	Police Grants Fund	Total	General Obligation Bond	Capital Projects			
Cash and equity in pooled cash and investments	\$ 853,815	\$ 30,816	\$ 4,189	\$ -	\$ 1,012,206	\$ -	\$ 1,901,026	\$ 101,246	\$ 2,471,327	\$ -	\$ 4,473,599	
Accounts receivable - net	151,784	14,015	14,959	-	-	3,713	184,471	11,550	16,394	-	212,415	
Total assets	\$ 1,005,599	\$ 44,831	\$ 19,148	\$ -	\$ 1,012,206	\$ 3,713	\$ 2,085,497	\$ 112,796	\$ 2,487,721	\$ -	\$ 4,686,014	
Accounts payable	\$ 412,563	\$ 13,752	\$ 14,960	\$ -	\$ 3,901	\$ -	\$ 445,176	\$ -	\$ 9,884	\$ -	\$ 455,060	
Accrued payroll	-	3,570	-	-	-	-	3,570	-	-	-	3,570	
Accrued compensated absences	-	8,638	-	-	-	-	8,638	-	-	-	8,638	
Due to other funds	-	-	-	-	-	1,654	1,654	-	-	-	1,654	
Total liabilities	412,563	25,960	14,960	-	3,901	1,654	459,038	-	9,884	-	468,922	
FUND BALANCES												
Reserved for:												
Encumbrances	-	-	-	-	50,372	-	50,372	-	-	-	50,372	
Law Enforcement fund	-	-	-	-	957,933	-	957,933	-	-	-	957,933	
Debt service fund	-	-	-	-	-	-	-	112,796	-	-	112,796	
Capital fund	-	-	-	-	-	-	-	-	2,477,837	-	2,477,837	
Unreserved:												
Undesignated	593,036	18,871	4,188	-	-	2,059	618,153	-	-	-	618,153	
Total fund balances	593,036	18,871	4,188	-	1,008,305	2,059	1,626,459	112,796	2,477,837	-	4,217,092	
Total liabilities and fund balances	\$ 1,005,599	\$ 44,831	\$ 19,148	\$ -	\$ 1,012,206	\$ 3,713	\$ 2,085,497	\$ 112,796	\$ 2,487,721	\$ -	\$ 4,686,014	

CITY OF MIAMI SPRINGS, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue							Debt Service			Capital Projects		Total Nonmajor Governmental Funds
	Hurricane	Senior Center	Grants	Criminal Justice	Law Enforcement	Police Grants Fund	Total	General Obligation Bond	Capital Projects	Total			
Revenues:													
Taxes	\$ 317,163	168,500	9,500	-	-	20,449	515,612	\$ 394,542	\$ 126,239	\$ -	\$ 394,542		
Intergovernmental	-	-	-	-	-	-	70,204	-	-	-	641,851		
Fines and forfeitures	-	-	-	-	70,204	-	70,204	-	-	-	70,204		
Interest	16,460	-	41	-	37,128	261	53,890	3,586	90	-	57,566		
Miscellaneous	-	27,917	-	-	-	-	27,917	-	1,500	-	29,417		
Total revenues	333,623	196,417	9,541	-	107,332	20,710	667,623	398,128	127,829	-	1,193,580		
Expenditures:													
Current:													
General government	-	-	21,489	-	-	-	21,489	2,088	-	-	23,577		
Public Safety	-	-	-	-	86,146	21,614	107,760	-	-	-	107,760		
Recreation and social services	-	330,845	-	-	-	-	330,845	-	-	-	330,845		
Debt service:													
Principal retirement	-	-	-	-	-	-	-	230,000	-	-	230,000		
Interest and fiscal charges	-	-	-	-	-	-	-	166,175	-	-	166,175		
Capital outlay:													
Public Safety	-	-	-	-	9,885	-	9,885	-	-	-	9,885		
Economic and community development	-	-	-	-	-	-	-	-	149,992	-	149,992		
Total expenditures	-	330,845	21,489	-	96,031	21,614	469,979	398,263	149,992	-	1,018,234		
Excess (deficiency) of revenues over expenditures before other financing (uses) sources	333,623	(134,428)	(11,948)	-	11,301	(904)	197,644	(135)	(22,163)	-	175,346		
Other financing (uses) sources	-	-	-	-	-	-	-	-	-	2,500,000	2,500,000		
Issuance of debt	-	142,716	(573)	-	-	-	142,143	-	-	-	142,143		
Transfers in	-	142,716	(573)	-	-	-	142,143	-	-	2,500,000	2,642,143		
Total other financing (uses) sources	-	-	-	-	-	-	-	-	-	2,500,000	2,642,143		
Net change in fund balance	333,623	8,288	(12,521)	-	11,301	(904)	339,787	(135)	2,477,837	-	2,817,489		
Fund balances, October 1	259,413	10,583	16,709	-	997,004	2,963	1,286,671	112,931	-	-	1,399,602		
Fund balances, September 30	\$ 593,036	\$ 18,871	\$ 4,188	\$ -	\$ 1,008,305	\$ 2,059	\$ 1,626,458	\$ 112,796	\$ 2,477,837	\$ -	\$ 4,217,091		

CITY OF MIAMI SPRINGS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
FUND BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 398,275	\$ 398,275	\$ 394,542	\$ (3,733)
Investment Income	-	-	3,586	3,586
Total revenues	<u>398,275</u>	<u>398,275</u>	<u>398,128</u>	<u>(147)</u>
Expenditures				
Debt service:				
Principal retirement	230,000	230,000	230,000	-
Interest and fiscal charges	166,175	166,175	166,175	-
Administrative charges	2,100	2,100	2,088	12
Total expenditures	<u>398,275</u>	<u>398,275</u>	<u>398,263</u>	<u>12</u>
Net change in fund balance	-	-	(135)	(135)
Fund balances, October 1	<u>112,931</u>	<u>112,931</u>	<u>112,931</u>	<u>-</u>
Fund balances, September 30	<u>\$ 112,931</u>	<u>\$ 112,931</u>	<u>\$ 112,796</u>	<u>\$ (135)</u>

CITY OF MIAMI SPRINGS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue Funds									
	Hurricane Fund					Senior Center fund				
	Budgeted Amounts Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)		
Revenues:										
Intergovernmental	\$ -	\$ -	\$ 317,163	\$ 317,163	\$ 198,803	\$ 198,803	\$ 168,500	\$ (30,303)		
Miscellaneous	-	-	16,460	16,460	-	-	27,917	27,917		
Total revenues	-	-	333,623	333,623	198,803	198,803	196,417	(2,386)		
Expenditures:										
Current:										
Recreation and social services	-	-	-	-	341,519	348,130	330,845	17,285		
Total expenditures	-	-	-	-	341,519	348,130	330,845	17,285		
Excess (deficiency) of revenues over expenditures	-	-	333,623	333,623	(142,716)	(149,327)	(134,428)	14,899		
Other financing sources (uses)										
Transfers in	-	-	-	-	142,716	142,716	142,716	-		
Total other financing sources (uses)	-	-	-	-	142,716	142,716	142,716	-		
Net change in fund balance	-	-	333,623	333,623	-	(6,611)	8,288	14,899		
Fund balances, October1	259,413	259,413	259,413	-	10,583	10,583	10,583	-		
Fund balances, September30	\$ 259,413	\$ 259,413	\$ 593,036	\$ 333,623	\$ 10,583	\$ 3,972	\$ 18,871	\$ 14,899		

CITY OF MIAMI SPRINGS, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue Funds									
	Grants fund			Law Enforcement Trust fund						
	Budgeted Amounts Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)	Budgeted Amounts Original	Final
Revenues:	\$ -	\$ 15,000	\$ 9,500	\$ (5,500)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	106,000	106,000	70,204	(35,796)	-	-
Fines and forfeitures	-	-	41	41	45,000	45,000	37,128	(7,872)	-	-
Miscellaneous	-	15,000	9,541	(5,459)	151,000	151,000	107,332	(43,668)	-	-
Total revenues	-	15,000	9,541	(5,459)	-	-	-	-	-	-
Expenditures:	-	20,000	21,489	(1,489)	146,010	293,922	86,146	207,776	-	-
Current:	-	-	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Capital outlay:	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	9,885	(9,885)	-	-
Total expenditures	-	20,000	21,489	(1,489)	146,010	293,922	96,031	197,891	-	-
Excess (deficiency) of revenues over expenditures	-	(5,000)	(11,948)	(6,948)	4,990	(142,922)	11,301	154,223	-	-
Other financing sources (uses)	-	5,000	(573)	(5,573)	-	-	-	-	-	-
Transfers	-	5,000	(573)	(5,573)	-	-	-	-	-	-
Total other financing sources	-	5,000	(573)	(5,573)	-	-	-	-	-	-
Net change in fund balance	-	-	(12,521)	(12,521)	4,990	(142,922)	11,301	184,660	-	-
Fund balances, October 1	-	16,709	16,709	-	997,004	997,004	997,004	-	-	-
Fund balances, September 30	\$ -	\$ 16,709	\$ 4,188	\$ (12,521)	\$ 1,001,994	\$ 854,082	\$ 1,008,305	\$ 184,660	\$ -	\$ 184,660



**STATISTICAL SECTION
(SUPPLEMENTAL DATA)**

CITY OF MIAMI SPRINGS, FLORIDA STATISTICAL SECTION

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

<u>Page</u>	<u>Contents</u>	
Financial Trends		65-69
	<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity		70-74
	<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity		75-79
	<i>These schedules contain information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in future.</i>	
Demographic and Economic Information		80-81
	<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.</i>	
Operating Information		82-84
	<i>These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.</i>	

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

CITY OF MIAMI SPRINGS, FLORIDA

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS (1)

(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$ 5,759	\$ 10,628	\$ 11,878	\$ 11,937	\$ 11,720	\$ 11,658
Restricted	2,754	2,198	1,920	2,297	2,703	2,859
Unrestricted	944	3,095	2,775	3,468	5,093	6,433
Total governmental activities net assets	<u>\$ 9,457</u>	<u>\$ 15,921</u>	<u>\$ 16,573</u>	<u>\$ 17,702</u>	<u>\$ 19,516</u>	<u>\$ 20,950</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 7,740	\$ 2,948	\$ 3,167	\$ 4,626	\$ 4,464	\$ 2,771
Restricted	-	-	-	-	-	-
Unrestricted	(103)	411	237	679	1,672	1,749
Total business-type activities net assets	<u>\$ 7,637</u>	<u>\$ 3,359</u>	<u>\$ 3,404</u>	<u>\$ 5,306</u>	<u>\$ 6,136</u>	<u>\$ 4,520</u>
Primary government						
Invested in capital assets, net of related debt	\$ 13,499	\$ 13,576	\$ 15,045	\$ 16,564	\$ 16,184	\$ 14,429
Restricted	2,754	2,198	1,920	2,297	2,703	2,859
Unrestricted	841	3,506	3,012	4,147	6,765	8,182
Total primary government net assets	<u>\$ 17,094</u>	<u>\$ 19,280</u>	<u>\$ 19,977</u>	<u>\$ 23,008</u>	<u>\$ 25,652</u>	<u>\$ 25,470</u>

(1) Information for fiscal years ending September 30, 1995-2002 are unavailable in this format since the City implemented *Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

CITY OF MIAMI SPRINGS, FLORIDA

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS (1)

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
EXPENSES						
Governmental activities:						
General government	\$ 1,978	\$ 2,277	\$ 2,428	\$ 2,658	\$ 2,667	\$ 2,561
Public safety	4,384	4,416	4,719	4,993	5,626	5,676
Public works	1,821	1,657	1,641	2,025	1,953	2,084
Recreation and social services	1,307	3,497	3,401	3,070	3,245	3,424
Economic and community development	448	315	1,302	4,035	213	-
Interest on long-term debt	213	218	202	195	208	190
Total governmental activities:	<u>10,151</u>	<u>12,380</u>	<u>13,693</u>	<u>16,976</u>	<u>13,910</u>	<u>13,936</u>
Business-type activities:						
Water & Sewer	4,867	5,039	5,412	5,101	5,403	5,477
Sanitation	1,738	1,775	1,826	1,949	1,955	2,017
Golf Course	2,345	-	-	-	-	-
Stormwater	233	234	258	269	292	311
Total business-type activities	<u>9,183</u>	<u>7,048</u>	<u>7,496</u>	<u>7,320</u>	<u>7,650</u>	<u>7,805</u>
Total primary government expenses	<u>\$ 19,334</u>	<u>\$ 19,428</u>	<u>\$ 21,189</u>	<u>\$ 24,295</u>	<u>\$ 21,560</u>	<u>\$ 21,741</u>
PROGRAM REVENUES						
Governmental activities:						
Charges for services:						
General government	417	453	411	453	499	570
Public safety	162	349	196	198	162	215
Public works	-	-	-	-	-	-
Recreation and social services	171	1,834	1,593	1,303	1,508	1,581
Economic and community development	-	-	-	5	-	-
Operating grants and contributions	714	528	2,437	4,541	699	712
Total governmental activities program revenues	<u>1,464</u>	<u>3,164</u>	<u>4,637</u>	<u>6,500</u>	<u>2,869</u>	<u>3,077</u>
Business-type activities:						
Charges for services:						
Water & Sewer	4,885	4,886	4,946	6,191	5,978	5,383
Sanitation	1,527	1,564	1,546	1,732	1,820	2,200
Stormwater	281	273	281	281	282	278
Golf Course	1,689	-	-	-	-	-
Operating grants and contributions	-	17	27	-	5	-
Total business-type activities program revenues	<u>8,382</u>	<u>6,740</u>	<u>6,800</u>	<u>8,205</u>	<u>8,086</u>	<u>7,860</u>
Total primary government revenues	<u>\$ 9,846</u>	<u>\$ 9,904</u>	<u>\$ 11,437</u>	<u>\$ 14,705</u>	<u>\$ 10,954</u>	<u>\$ 10,937</u>
Net (expense)/revenue						
Governmental activities	\$ (8,687)	\$ (9,216)	\$ (9,056)	\$ (10,476)	\$ (11,042)	\$ (10,859)
Business-type activities	(801)	(308)	(696)	885	436	55
Total primary government net expenses	<u>\$ (9,488)</u>	<u>\$ (9,524)</u>	<u>\$ (9,752)</u>	<u>\$ (9,591)</u>	<u>\$ (10,606)</u>	<u>\$ (10,804)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	5,620	6,033	6,438	7,290	7,530	7,226
Utility taxes	1,603	1,570	1,578	1,635	1,634	1,667
Franchise fees on gross receipts	657	747	797	967	962	997
Intergovernmental (unrestricted)	1,773	1,989	1,299	1,396	2,237	2,128
Investment income	57	57	179	334	434	283
Miscellaneous	158	109	140	201	166	154
Transfers	(3,004)	(305)	(725)	(217)	(260)	(39)
Total governmental activities:	<u>\$ 6,864</u>	<u>\$ 10,200</u>	<u>\$ 9,706</u>	<u>\$ 11,606</u>	<u>\$ 12,702</u>	<u>\$ 12,416</u>
Business-type activities:						
Investment income	6	7	14	334	154	63
Miscellaneous	63	7	3	201	10	-
Gain (loss) on sale of capital assets	-	-	-	-	-	(1,773)
Transfers	2,709	305	725	(217)	230	39
Total business-type activities	<u>\$ 2,778</u>	<u>\$ 319</u>	<u>\$ 742</u>	<u>\$ 318</u>	<u>\$ 394</u>	<u>\$ (1,670)</u>
Total primary government	<u>\$ 9,642</u>	<u>\$ 10,519</u>	<u>\$ 10,448</u>	<u>\$ 11,924</u>	<u>\$ 13,096</u>	<u>\$ 10,745</u>
Change in Net Assets						
Governmental activities	\$ (1,823)	\$ 984	\$ 650	\$ 1,130	\$ 1,660	\$ 1,557
Business-type activities	1,977	11	46	1,203	830	(1,615)
Total primary government	<u>\$ 154</u>	<u>\$ 995</u>	<u>\$ 696</u>	<u>\$ 2,333</u>	<u>\$ 2,491</u>	<u>\$ (59)</u>

(1) Information for fiscal years ending September 30, 1995-2002 are unavailable in this format since the City implemented *Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

CITY OF MIAMI SPRINGS, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS (1)
 (accrual basis of accounting)
 (amounts expressed in thousands)

Fiscal Year	Ad-Valorem Taxes	Ad-Valorem Taxes	Local Option Gas Tax	Enhanced Transportation Tax(2)	State Revenue Sharing Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Half Cent Sales tax	Utility Tax	Franchise tax	Total
	General Purpose	Debt Service									
2003	5,284	336	432	200	207	116	10	799	1,603	657	9,644
2004	5,638	393	403	385	234	122	9	826	1,570	748	10,328
2005	6,040	397	375	436	311	127	10	846	1,578	797	10,917
2006	6,891	399	413	433	324	125	10	925	1,635	967	12,121
2007	7,131	400	392	462	323	120	10	919	1,634	962	12,352
2008	6,831	395	379	441	306	113	9	879	1,667	997	12,017

(1) Information for fiscal years ending September 30, 1995-2002 are unavailable in this format since the City implemented Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

(2) FY 2003 was the first year for this tax source.

CITY OF MIAMI SPRINGS, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	
General fund	\$ 191	\$ 263	\$ 2,376	\$ 280	\$ 201	\$ 484	\$ 792	\$ 657	\$ 197	
Reserved	2,722	3,108	(300)	574	2,688	2,531	3,426	4,954	6,467	
Unreserved	\$ 2,913	\$ 3,371	\$ 2,076	\$ 854	\$ 2,889	\$ 3,015	\$ 4,219	\$ 5,611	\$ 6,664	
Total general fund										
All other governmental funds										
Reserved	\$ 95	\$ 639	\$ 147	\$ 477	\$ 206	\$ 564	\$ 155	\$ 1,016	\$ 5,388	
Unreserved, reported in:										
Special revenue funds	205	(315)	888	2,516	1,965	1,819	2,195	1,851	618	
Debt service funds	63	166	171	105	101	100	102	113	113	
Total all other governmental funds	\$ 363	\$ 490	\$ 1,206	\$ 3,098	\$ 2,272	\$ 2,483	\$ 2,452	\$ 2,980	\$ 6,119	

CITY OF MIAMI SPRINGS, FLORIDA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
REVENUES										
Taxes and franchise fees	\$ 4,048	\$ 4,462	\$ 4,695	\$ 5,307	\$ 6,277	\$ 6,779	\$ 7,234	\$ 8,256	\$ 8,492	\$ 8,223
Charges for services	274	253	291	304	276	1,896	1,639	1,365	1,543	1,606
Public service taxes	2,119	2,135	2,693	2,743	1,603	1,570	1,578	1,635	1,634	1,667
Intergovernmental	1,790	1,476	2,734	1,697	2,263	2,507	3,429	5,939	2,932	2,799
Licenses and permits	373	398	-	415	360	397	359	430	467	536
Fines and forfeitures	750	1,512	615	367	338	320	467	229	147	239
Interest	131	184	148	38	57	180	180	334	434	283
Miscellaneous	126	72	207	84	158	145	183	135	182	178
Total revenues	<u>9,611</u>	<u>10,482</u>	<u>11,383</u>	<u>10,955</u>	<u>11,332</u>	<u>13,671</u>	<u>15,069</u>	<u>18,322</u>	<u>15,851</u>	<u>15,532</u>
EXPENDITURES										
General government	2,541	2,346	3,989	3,181	1,952	2,236	2,315	2,398	2,359	2,520
Public safety	3,687	4,016	4,153	4,312	4,237	4,252	4,495	4,779	5,386	5,375
Public works	1,400	1,306	1,414	1,573	1,758	1,593	1,590	1,945	1,862	1,990
Recreation and social services	810	744	866	977	1,212	3,214	2,973	2,740	2,820	2,958
Economic and community development	-	-	-	-	442	309	1,302	4,032	213	-
Debt service:										
Principal retirement	155	160	165	175	185	336	335	359	393	447
Interest and fiscal charges	281	251	229	221	213	218	202	195	208	190
Capital outlay:										
General government	13	136	99	57	154	528	338	390	276	6
Public safety	182	38	354	114	164	315	273	205	259	174
Public works	-	-	-	-	-	89	103	304	133	51
Recreation and social services	-	-	52	-	31	19	506	488	466	650
Economic and community development	-	-	-	-	-	71	-	147	-	150
Total expenditures	<u>9,069</u>	<u>8,997</u>	<u>11,321</u>	<u>10,610</u>	<u>10,348</u>	<u>13,180</u>	<u>14,432</u>	<u>17,982</u>	<u>14,376</u>	<u>14,511</u>
Excess(deficiency) of revenues over expenditures	542	1,485	62	345	984	491	637	340	1,456	1,021
Other financing (uses) sources:										
Transfers in	2,461	2,315	2,706	3,154	717	1,204	1,723	625	740	940
Transfers out	(2,051)	(1,840)	(2,331)	(4,269)	(3,297)	(1,084)	(2,023)	1,666	(537)	(366)
Proceeds from capital lease	-	-	-	-	272	-	-	125	232	87
Proceeds from debt	-	-	-	-	-	-	-	500	-	2,500
Total other financing sources (uses)	<u>410</u>	<u>475</u>	<u>375</u>	<u>(1,115)</u>	<u>(2,308)</u>	<u>120</u>	<u>(300)</u>	<u>2,916</u>	<u>434</u>	<u>3,171</u>
Net change in fund balances	<u>\$ 952</u>	<u>\$ 1,970</u>	<u>\$ 437</u>	<u>\$ (770)</u>	<u>\$ (1,324)</u>	<u>\$ 611</u>	<u>\$ 337</u>	<u>\$ 3,256</u>	<u>\$ 1,890</u>	<u>\$ 4,191</u>
Debt service as a percentage of noncapital expenditures	4.2%	4.0%	3.1%	2.8%	3.1%	4.4%	4.1%	3.4%	4.8%	4.4%

CITY OF MIAMI SPRINGS, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS (*)

(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Ad-Valorem Taxes		Ad-Valorem Debt Service	Local Option Gas Tax	Enhanced Transportation Tax(1)	State Revenue Sharing Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Half Cent Sales tax	Franchise Taxes	Utility Taxes	Total
	General Purpose	Taxes										
1998	3,551	-	-	388	-	206	108	11	708	658	1,017	6,647
1999	3,593	459	-	393	-	195	105	10	732	735	1,000	7,222
2000	4,009	453	-	407	-	199	108	10	778	658	1,071	7,693
2001	4,252	443	-	417	-	181	115	8	798	745	1,199	8,158
2002	4,896	411	-	424	-	180	122	12	798	674	1,651	9,168
2003	5,284	336	200	432	200	207	116	10	799	657	1,603	9,644
2004	5,638	393	385	403	385	234	122	9	826	747	1,570	10,327
2005	6,040	397	436	375	436	311	127	10	846	797	1,578	10,917
2006	6,891	399	433	413	433	324	125	10	925	967	1,635	12,121
2007	7,131	400	462	392	462	323	120	10	919	962	1,634	12,352
2008	6,831	395	441	379	441	306	113	9	879	997	1,667	12,017

(1) FY 2003 was the first year for this tax source.

CITY OF MIAMI SPRINGS, FLORIDA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

Fiscal Year	Real Property			Personal Property	Net Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Net assessed Value as a Percentage of Estimated Actual Value (1)
	Residential Property	Commercial Property						
1998	382,608	108,146		50,000	540,754	6.95	827,353	65.36%
1999	393,890	112,604		56,525	563,019	7.45	855,789	65.79%
2000	409,125	123,071		83,157	615,353	7.45	923,029	66.67%
2001	441,197	128,865		74,263	644,325	7.75	972,930	66.23%
2002	453,113	134,135		83,426	670,674	8.15	1,006,011	66.67%
2003	500,231	145,749		82,766	728,746	8.14	1,107,694	65.79%
2004	552,173	157,590		78,188	787,951	8.14	1,221,324	64.52%
2005	655,039	182,998		76,241	914,278	7.90	1,358,098	67.32%
2006	741,005	204,876		73,093	1,018,974	7.60	1,606,562	63.43%
2007	806,401	242,748		74,349	1,123,498	7.50	1,676,863	67.00%
2008	804,833	218,050		67,368	1,090,251	6.30	1,840,486	59.24%

Note: Property in the City is reassessed each year. State law requires the Property Appraiser to appraise property at 100% of market value. The Florida Constitution was amended, effective January 1, 1995, to limit annual increases in assessed value of property with homestead exemption to 3 percent per year or the amount of the Consumer Price Index, whichever is less. The increase is not automatic since no assessed value shall exceed market value. Tax rates are per \$1,000 of assessed value.

Excluding the impact of Amendment 1 which became effective in 2008, the rate would have been 6.38%

(1) Includes tax-exempt property.

Sources: Miami-Dade County
Department of Property Appraisal -DR-420

CITY OF MIAMI SPRINGS, FLORIDA

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS(1)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>City of Miami Springs</u>		<u>OVERLAPPING RATES</u>						<u>Total Direct & Overlapping Rates</u>
	<u>City Wide</u>	<u>Debt Service</u>	<u>County</u>		<u>Special Districts</u>			<u>State</u>	
			<u>County-Wide</u>	<u>Debt Service</u>	<u>Fire</u>	<u>Library</u>	<u>School</u>		
1998	6.9500	0.8910	6.0230	0.8370	2.8640	0.3340	10.2600	0.6440	28.8030
1999	7.4500	0.8480	5.8090	0.8160	2.7520	0.3210	9.7440	0.6410	28.3810
2000	7.4500	0.5880	5.7510	0.6520	2.7520	0.3510	9.7170	0.6380	27.8990
2001	7.7500	0.6620	5.7130	0.5520	2.7520	0.4510	9.3760	0.7355	27.9915
2002	8.1500	0.5940	5.8890	0.3900	2.6610	0.4860	9.2520	0.7355	28.1575
2003	8.1436	0.5430	6.4690	0.2850	2.6610	0.4860	9.1000	0.7360	28.4236
2004	8.1436	0.5079	6.3792	0.2850	2.6610	0.4860	8.6870	0.7360	27.8857
2005	7.9000	0.4415	6.2638	0.2850	2.6610	0.4860	8.4380	0.7360	27.2113
2006	7.5000	0.3953	6.0373	0.2850	2.6510	0.4860	8.1050	0.7355	26.1951
2007	6.3000	0.3579	5.0019	0.2850	2.2477	0.3842	7.9480	0.6595	23.1842
2008	6.4305	0.3687	5.2945	0.2850	2.2487	0.3842	7.7970	0.6585	23.4671

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Miami Springs.

Additional information:

Property tax rates are assessed per \$1,000 of Taxable Assessed Valuation

Tax rate limits:

City 10.000 Mills
 County 10.000 Mills
 School 10.000 Mills
 State 10.000 Mills

Source: Miami-Dade County
 Department of Property Appraisal

CITY OF MIAMI SPRINGS, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO (amounts expressed in thousands)

Taxpayer	2008			1999			
	Taxable Valuation	Rank	Percentage Total Taxable Valuation	Taxpayer	Taxable Valuation	Rank	Percentage Total Taxable Valuation
FELCOR/CSS HOLDINGS	\$ 31,380	1	3.1%				
DORIAN VAN BEYER CALLEN	13,630	2	1.3%	DORIAN VON BAYERN CALLEN	\$ 4,750	7	0.9%
RED ROOF INNS	10,785	3	1.1%	RED ROOF INNS	6,250	3	1.1%
AIRPORT FINANCIAL CENTER	9,900	4	1.0%				
AA GROUP, L.TD.	-	-		AA GROUP, L.TD.	5,379	5	1.0%
4299 MIA SPRG LLC	7,000	5	0.7%				
MIAMI SPRINGS GOLF VILLAS	6,910	6	0.7%				
BRE HMSTD PORTFOLIO LLC	6,292	7	0.6%				
FAIRHAVEN REAL ESTATE	5,679	8	0.6%				
BRE LQ FL PROPERTIES L L C	5,289	9	0.5%				
FAIRWAYS INC	5,105	10	0.5%				
				SOUTHERN BELL	4,500	8	0.8%
				FELCOR HOLDINGS L.P.	17,500	1	3.2%
				EASTERN FINANCIAL CREDIT UNION	6,103	4	1.1%
				BISCAYNE PROPERTIES, INC.	9,272	2	1.7%
				FIRST UNION NATIONAL BANK	4,943	6	0.9%
				BECK-MARIN ASSOC-MIAMI AIRPORT	3,905	9	0.7%
				HIDEAWAY IN THE GROVE, LTD	1,900	10	0.3%
	<u>\$ 101,970</u>		<u>9.7%</u>		<u>\$ 64,502</u>		<u>12.0%</u>

Sources: Miami-Dade County Tax Assessors' Office
 2008 Tax Roll
 Real/personal property adjusted taxable value- \$1,024,693,645

CITY OF MIAMI SPRINGS, FLORIDA

PROPERTY TAX LEVIES AND COLLECTION

LAST NINE FISCAL YEARS

(amounts expressed in thousands)

Fiscal Year Ended September 30,	Total taxes Levied for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1999	3,686	3,575	97.0%	56	3,631	98.5%
2000	4,140	3,931	95.0%	178	4,109	99.3%
2001	4,340	4,187	96.5%	66	4,253	98.0%
2002	4,744	4,649	98.0%	33	4,682	98.7%
2003	5,466	5,284	96.7%	26	5,310	97.1%
2004	5,826	5,664	97.2%	25	5,689	97.6%
2005	6,312	6,124	97.0%	75	6,199	98.2%
2006	7,103	6,891	97.0%	89	6,980	98.3%
2007	7,260	7,132	98.2%	34	7,166	98.7%
2008	6,661	6,830	102.5%	72	6,902	103.6%

Source: City of Miami Springs, Finance department and the Miami Dade County Tax Collector's Office

Note: Total Adjusted Tax Levy is based on final assessed property values by Miami-Dade County Department of Property Appraisal office after the Property Appraisal Adjustment Board has completed hearings on the tax roll; and before discounts.

Discounts Allowed:

November	4%
December	3%
January	2%
February	1%
April	Taxes delinquent

CITY OF MIAMI SPRINGS, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Notes Payable	Capital Leases	Sewer Bonds	Notes Payable	Capital Leases			
1999	4,845	-	-	11,140	-	-	15,985	4.69%	1,203
2000	4,685	-	-	10,830	-	-	15,515	4.42%	1,167
2001	4,520	-	-	10,510	-	-	15,030	4.06%	1,096
2002	4,345	-	-	10,175	-	357	14,877	3.88%	1,070
2003	4,160	-	-	9,825	910	362	15,257	3.82%	1,112
2004	3,970	-	235	9,465	828	176	14,674	3.40%	1,069
2005	3,770	-	94	9,090	984	-	13,938	3.21%	1,011
2006	3,560	478	93	8,695	943	216	13,984	N/A	1,012
2007	3,340	384	237	8,285	847	181	13,274	4.18%	960
2008	3,110	2,787	211	-	332	89	6,529	2.07%	476

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

(1) See the Schedule of Demographic and Economic Statistics on page 76 for the personal income and population data.

CITY OF MIAMI SPRINGS, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
1999	4,845	63	4,782	0.58%	360
2000	4,685	116	4,569	0.53%	344
2001	4,520	166	4,354	0.47%	318
2002	4,345	172	4,173	0.43%	300
2003	4,160	105	4,055	0.40%	295
2004	3,970	101	3,869	0.35%	282
2005	3,770	100	3,670	0.30%	266
2006	3,560	102	3,458	0.25%	250
2007	3,340	113	3,227	0.20%	233
2008	3,110	113	2,997	0.18%	219

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

Note: Total Adjusted Tax Levy is based on final assessed property values by Miami-Dade County Department of Property Appraisal office after the Property Appraisal Adjustment Board has completed hearings on the tax roll; and before discounts.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 67 for property value data.

(2) See the Schedule of Demographic and Economic Statistics on page 76 for population data.

CITY OF MIAMI SPRINGS, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FISCAL YEAR ENDED SEPTEMBER 30, 2008
(amounts expressed in thousands)

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable(1)</u>	<u>Amount Applicable to <u>Miami Springs</u></u>
Miami-Dade County Schools (2)	\$ 541,525	0.48%	\$ 2,599
Miami-Dade County (3)	<u>475,919</u>	0.48%	<u>2,284</u>
Subtotal overlapping debt	1,017,444		4,884
City of Miami Springs direct debt	<u>3,110</u>	100.0%	<u>3,110</u>
Total direct and overlapping debt	\$ 1,020,554		\$ 7,994

Sources: (1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the city's boundaries and dividing it by the county's total taxable assessed value.

(2) Miami-Dade County Schools, General Finance Department

(3) Miami-Dade County, Finance Department (includes General Obligation, Special Obligation Bonds)

CITY OF MIAMI SPRINGS, FLORIDA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	84,453	92,303	96,649	100,601	107,768	117,031	135,556	152,846	166,944	163,538
Total net debt applicable to limit ⁽¹⁾	4,845	4,685	4,520	4,345	4,160	3,970	3,770	3,560	3,340	3,110
Legal debt margin	89,298	96,988	101,169	104,946	111,928	121,001	139,326	156,406	170,284	166,648
Total net debt applicable to the limit as a percentage of debt limit	5.74%	5.08%	4.68%	4.32%	3.86%	3.39%	2.78%	2.33%	2.00%	1.90%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2007

Assessed valuation 2008 roll	<u>\$ 1,090,251</u>
Bonded debt limit- 15% of assessed value	\$ 163,538
Total ad valorem debt- General Obligation Bonds	\$ 3,110
Amount of debt applicable	<u>\$ 3,110</u>
Legal debt margin	<u>\$ 160,428</u>

Note: City Charter sets limit of ad-valorem bond indebtedness at 15% of assessed valuations.

(1) General Obligation Bonds were issued in 1998.

CITY OF MIAMI SPRINGS, FLORIDA

PLEDGED REVENUE BOND COVERAGE

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Water & Sewer Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1997	4,955,872	3,825,070	1,130,802	505,000	332,320	837,320	135
1998	5,060,001	3,183,505	1,876,496	-	335,713	335,713	559
1999	3,641,641	2,292,819	1,348,822	295,000	536,000	831,000	162
2000	3,747,554	2,744,022	1,003,532	310,000	525,625	835,625	120
2001	3,514,412	2,774,223	740,189	320,000	513,229	833,229	89
2002	4,785,708	3,917,323	868,385	335,000	500,265	835,265	104
2003	4,885,544	3,243,656	1,641,888	350,000	486,362	836,362	196
2004	4,897,538	3,559,686	1,337,852	360,000	471,663	831,663	161
2005	4,957,104	3,988,023	969,082	375,000	456,363	831,363	117
2006	6,203,538	4,495,217	1,708,321	395,000	440,050	835,050	205
2007	6,085,729	4,363,666	1,722,063	395,000	440,050	835,050	206

Note: The City's water and sewer revenue bonds were defeased with the sale of the utility operation to Miami-Dade County on September 3rd, 2008. This schedule presented for historical reference only

Gross Revenue includes total operating revenues, interest income, miscellaneous revenue and operating transfers.

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

Direct Operating Expenses do not include interest and depreciation.

CITY OF MIAMI SPRINGS, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST NINE FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (Amounts Expressed in Thousands)</u>	<u>Per capita Personal Income (2)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment rate (4)</u>
1999	13,290	319,625	24,050	38.0	7,488	5.9
2000	13,295	340,698	25,626	38.0	7,922	5.1
2001	13,712	362,134	26,410	38.0	8,005	6.0
2002	13,901	375,257	26,995	38.0	7,123	6.6
2003	13,725	378,714	27,593	38.9	7,364	6.0
2004	13,725	399,068	29,076	N/A	6,828	5.6
2005	13,783	433,613	31,460	N/A	6,618	4.4
2006	13,824	N/A	N/A	N/A	N/A	4.0
2007	13,824	N/A	N/A	N/A	N/A	4.1
2008	13,712	314,869	22,963	39.0	5,226	6.9

Source: (1) City of Miami Springs and State of Florida

(2) Miami Dade County Finance Department

(3) Miami-Dade County Public Schools Registrar's Office

(4) Florida Agency for Workplace Innovation, Office of Workforce Information Services, Labor Market Statistics

N/A- Information not available

CITY OF MIAMI SPRINGS, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>EMPLOYER</u>	<u>2008</u>			<u>1999</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>Percentage of Total County Employment</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>Percentage of Total County Employment</u>
Miami-Dade County Public Schools	50,000	1	4.00%	34,310	1	3.12%
Miami-Dade County, Florida	32,000	2	2.56%	28,000	2	2.54%
Federal Government	20,400	3	1.63%	18,700	3	1.70%
State Government	17,000	4	1.36%	18,400	4	1.67%
Publix Supermarket	11,000	5	0.88%	-		
Baptist Health Systems	10,826	6		5,285	8	0.48%
Jackson Memorial Hospital	10,500	7	0.84%	7,209	7	0.65%
University of Miami	9,874	8	0.79%	7,517	6	0.68%
American Airlines	9,000	9	0.72%	9,304	5	0.85%
Miami-Dade Community College	6,500	10	0.52%	-		
Bellsouth						0.00%
Florida Power & Light	-		-	3,745	9	0.34%
Burdines Department Store	-		-			0.00%
City of Miami	-		-	3,400	10	0.31%
	<u>177,100</u>		<u>13.31%</u>	<u>135,870</u>		<u>12.34%</u>

Source: The Beacon Council

CITY OF MIAMI SPRINGS, FLORIDA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	17	17	17	17	19	19	19	19	19	19
Public safety										
Police										
Officers	43	43	43	43	43	43	43	43	43	41
Civilians	12	12	12	12	12	12	12	12	12	12
Building & Zoning	5	5	5	6	6	6	5	5	6	6
Public Works	27	26	24	23	27	27	27	24	23	21
Culture and recreation	8	8	8	9	9	8	8	8	12	10
Water and Sewer	10	11	13	13	13	13	15	14	10	8
Sanitation	20	20	20	18	13	13	13	13	13	13
Stormwater	2	2	2	2	2	2	2	2	2	2
	<u>144</u>	<u>144</u>	<u>144</u>	<u>143</u>	<u>144</u>	<u>143</u>	<u>143</u>	<u>140</u>	<u>140</u>	<u>132</u>

Source: City of Miami Springs Finance department

CITY OF MIAMI SPRINGS, FLORIDA
 OPERATING INDICATORS BY FUNCTION
 LAST NINE FISCAL YEARS

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety									
Police:									
Number of calls answered	21,967	20,025	21,001	20,598	18,205	15,853	15,923	15,222	16,413
Number of arrests	655	539	675	746	955	687	714	663	537
Number of uniformed officers	43	43	43	42	42	43	43	41	41
Building & Zoning:									
Number of building permits issued	n/a	n/a	n/a	n/a	1535	1,592	2000	1701	1,324
License/Permit revenue generated	\$ 397,977	\$ 329,869	\$ 414,845	\$ 359,674	\$ 396,527	\$ 358,741	\$ 429,946	\$ 467,280	\$ 373,957
Occupational licenses issued	363	391	400	432	463	529	553	618	652
Culture and recreation									
Number of senior meals served	39,158	47,319	49,054	47,862	51,249	54,894	54,340	49,901	48,530
Recreation revenues collected	\$ 179,713	\$ 179,625	\$ 180,963	\$ 170,570	\$ 162,301	\$ 170,534	\$ 173,585	\$ 187,952	\$ 190,498
Sanitation:									
Refuse collected (tons per month)	n/a	n/a	n/a	957	995	891	918	520	375
Water & Sewer									
Annual water consumption (millions of gallons)	n/a	n/a	n/a	907	1,016	758	705	870	510

Sources: Various city departments
 Note: Indicators are not available for the general government function.
 n/a-Information not available for these years

CITY OF MIAMI SPRINGS, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST NINE FISCAL YEARS

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety									
Police:									
Police stations	1	1	1	1	1	1	1	1	1
Police vehicles	31	32	33	33	33	34	34	40	43
Public works									
Streets (Miles-paved)	55	55	55	55	55	55	55	55	55
Culture and recreation									
Sports/Recreation Parks	3	3	3	3	3	3	3	3	3
Recreation Center	N/A	N/A							
Bike Path	N/A	N/A							
Swimming pools	1	1	1	1	1	1	1	1	1
Tennis courts	5	5	5	5	5	5	5	5	5
Baseball/Football fields	10	10	10	10	10	10	10	10	10
Golf courses	1	1	1	1	1	1	1	1	1
Sanitation									
Number of collection trucks	7	7	7	5	4	6	6	6	6
Water & Sewer *									
Number of water connections	4,245	4,245	4,245	4,245	4,245	4,245	4,245	4,245	0
Miles of water mains	40	40	40	40	40	40	40	40	0
Number of sewer connections	4,311	4,311	4,311	4,311	4,311	4,311	4,311	4,311	0
Sanitary sewers (miles)	57.25	57.25	57.25	57.25	57.25	57.25	57.25	57.25	0
Elderly Services									
Senior centers	1	1	1	1	1	1	1	1	1
Transportation vehicles	1	1	1	1	1	1	1	2	2

Sources: Various city departments

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



COMPLIANCE SECTION



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**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the City Council
City of Miami Springs, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Miami Springs, Florida (the City) as of and for the fiscal year ended September 30, 2008 which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 6, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Honorable Mayor and Members of the City Council
City of Miami Springs, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted other matters that we have reported in the schedule of recommendations and responses as required by the Auditor General of the State of Florida.

The City's responses to the recommendations identified in our audit are described in the accompanying schedule of recommendations and responses. We did not audit the City's response and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Council, management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



February 6, 2009
Coral Gables, Florida



Albani, Caballero
& Castellanos, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS
& CONSULTANTS

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**MANAGEMENT LETTER REQUIRED BY SECTION 10.550 OF THE RULES OF THE AUDITOR
GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor and Members of the City Council
City of Miami Springs, Florida

We have audited the financial statements of the City of Miami Springs, Florida, as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated February 6, 2009.

We conducted our audit in accordance with United States generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over financial reporting and on Compliance and Other Matters. Disclosures in that report, which are dated February 6, 2009, should be considered in conjunction with this management letter

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

- ❖ Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial report. We have reported the status of prior year recommendations in the schedule of recommendations and responses.
- ❖ Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of Miami Springs, Florida complied with Section 218.415, Florida Statutes.
- ❖ Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit we have reported our recommendations in the schedule of recommendations and responses.
- ❖ Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Honorable Mayor and Members of the City Council
City of Miami Springs, Florida

- ❖ Section 10.554(1)(i)5., Rules of the Auditor General, requires, based on professional judgment, the reporting of matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed the following matters required to be disclosed:
 - Current Year Findings and Recommendations: **2008-1**
 - Prior Year Recommendations: **2001-1**

- ❖ Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The City was incorporated by Chapter 5799, Laws of Florida, Acts of 1907. There are no component units related to the City.

- ❖ Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Miami Springs, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

- ❖ Section 10.554(1)(i)7.b., Rules of the Auditor General, we determined that the annual financial report for the City of Miami Springs, Florida for the fiscal year ended September 30, 2008, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2008. In connection with our audit, we determined that these two reports were in agreement.

- ❖ Sections 10.554(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

This management letter is intended solely for the information of the City of Miami Springs, Florida and management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties. We wish to thank the City of Miami Springs, Florida, and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements and the courtesies extended to us.

Alfonso Castellano & Castellano LLP

February 6, 2009
Coral Gables, FL

A. CURRENT YEAR RECOMMENDATION

Other Matters

No. 2008-01 Update the Accounting Procedures Manual and Communicate the Changes

RECOMMENDATION:

With the restructuring efforts the City has undertaken, it is our recommendation that the City's management make an evaluation of its existing policies and procedures and consider amending these documents where change is considered necessary. This process will ensure that the City have a system of internal controls that is more in line with the revised organizational structure.

In making these changes, it would also benefit the City to evaluate individual functions and identify areas of improvement. This would simply be considered a prudent business practice that would help the City maintain its policies in line with the changing environment.

Any changes that will be made to the City's policies and procedures should be documented and communicated to all affected individuals. In addition, as changes are made to the City's policies and procedures, the director of the department affected by those changes should sign and date a remittance document that indicates that person has received the revised documents and understands the procedures that must be followed within that individual's department.

MANAGEMENT RESPONSE:

The City's Accounting Policies and Procedures Manual for the Finance Department was last updated in October 1st, 2004. The Department recognizes that some updating of this manual is needed and has already begun that effort by revising various Internal Control Memos during the audit. These updated memos included Cash Receipts and Disbursements, Payroll Processing, and Purchasing. The memos will serve as a tool for updating the entire manual as needed. Internal memos were also gathered during the audit for other City Department with ongoing responsibilities for control of revenue collection or cash receipts and/or disbursement. These departments included Building and Code, Golf Pro Shop, and the Recreation Department. The internal control procedures for these various departments will also be incorporated into the updated Accounting Policies and Procedures.

B. STATUS OF PRIOR YEAR RECOMMENDATION

Other Matters

No. 2001-01 Golf and Country Club Fund

RECOMMENDATION:

We noted that the City operates a Golf and Country Club Fund that has operated under a deficit since its inception.

During 2006, the golf course operation became a City department and a new department head was hired to oversee the operation. All financial activities are controlled by the City's finance department using the same policies, procedures, and controls in place for all City operations. The food and beverage operations were leased to a private company at no lease/rental cost and the terms permit the company to maintain full revenue and expense responsibility for all food and beverage functions of the facility. This relationship is a permitted operational alternative for the Country Club which transferred all profit and loss food and beverage responsibility to the company while not impacting the tax free status of the municipal bonds utilized by the City in 1997 to purchase the Golf Course and Country Club facility. Although the new operating structure for the Golf and Country Club Fund has reduced the City's losses, the revenues generated are still not sufficient to cover costs. We recommend that the City continue to closely monitor the Golf Course revenues and costs to achieve the City's goal of break-even operations.

CURRENT YEAR STATUS:

For 2008, the Golf Course incurred a loss of approximately \$199,044 compare to \$123,000 in 2007 when the transfers in from the General Fund are deducted from the net change in net assets. **This comment will be repeated.**

MANAGEMENT RESPONSE:

During 2006, the golf course operation became a City department and a new department head was hired to oversee the operation. All financial activities are controlled by the City's finance department using the same policies, procedures, and controls in place for all City operations. For 2008, the Golf Course incurred a loss of approximately \$199,044 when the transfers in from the General Fund are deducted from the change in net assets. This larger than expected loss was due in part to unexpected rises in fuel costs that ultimately drove up the direct maintenance cost for the fund. The down-turn in general economic conditions also contributed to lower than expected revenues. Although most municipally owned golf operations fail to turn a profit, the Administration believes that the model instituted in 2006 is still viable in reaching a break-even point for the fund and still strives to achieve this. To this end, expenditures of the fund continue to be monitored closely.