

AUGUST 27, 2011



*Celebrating 85 Years  
At the Heart of it All!*

*City of Miami Springs  
Florida*

*Comprehensive  
Annual  
Financial  
Report*

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*For the Year Ended  
September 30, 2011*



*At the Heart of it All!*

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

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# **LETTER OF TRANSMITTAL**

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# CITY OF MIAMI SPRINGS

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City Manager's Office  
201 Westward Drive  
Miami Springs, FL 33166-5289  
Phone: (305) 805-5010  
Fax: (305) 805-5040

January 16th, 2012

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 ending September 30, 2011, 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 Albemni Caballero & Company, 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 (the "County") which was incorporated in 1926. The City operates under a City 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.

The City of Miami Springs provides a wide range of municipal services including police, parks and recreation facilities, solid waste collection, stormwater management, senior citizen services and facility, building and zoning, planning, code enforcement, and golf course management.

## **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 13,800 full-time residents. The southern-most area of the City, located along the 36<sup>th</sup> 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.

The City has also performed the State mandated financial condition assessment for the fiscal year ending September 30, 2011 and the overall rating for FY2011 is "Inconclusive". The "inconclusive" rating is a result of the City using fund balance during the past two years for infrastructure improvements and to maintain taxes low for our residents during the current economy and recession.

The City Council and the Administration both recognize the importance of expanding the City's commercial tax

## **ECONOMIC CONDITION AND OUTLOOK (Continued)**

base for the City's future economic health and to reduce the tax burden on the residents. In order to achieve these goals, the City is pursuing the annexation of primarily commercial properties west of the City, re-development of the NW 36th Street corridor, and the improvement of the downtown district ("the Circle").

During the past few years, various State tax initiatives have been passed in order to lower property taxes throughout the State. For the City of Miami Springs, the actual property taxes levied in 2011 reflected a significant decrease of 4.4% from the \$6.1 million levied in 2010.

However, Property values for 2011 were \$905,241,464 or an increase of approximately \$38 million or 4.4% from the \$867,137,364 in final taxable value for the prior fiscal year. This is an indication that the decreases in property values may have started to level off.

In addition to the future of assessed valuations discussed above, the City faces other challenges for the FY2011-2012 budget. First, the continued economic conditions will have a negative impact on revenues at the City's golf course. This will probably require continued general fund subsidies similar, although not as high, as the approximately \$414,281 required for FY2011. Second, the City's two pension boards received a recommendation, which they voted to accept, from the City's actuaries that certain pension assumptions should be changed for next year. These changes will also have a significant increase in pension contributions for the City in FY2011-2012. The Administration's efforts in prior years to increase the City's reserves have provided the City with a healthy reserve fund that can be partially used to minimize any potential future millage increases to our residents, however the City continues to concentrate efforts on reducing expenditures and/or increasing efficiencies in order to meet the challenges described above.

### **LONG TERM FINANCIAL PLAN**

The City Council has established a written policy that the unassigned fund balance should be equal to 25% of the current fiscal year operating expenditures and transfers out budgeted for the general fund. This reserve will ensure that the City has available funds in case of any unforeseen emergencies.

The Fiscal Year 2011-12 budget also provides for the cost of downtown revitalization studies that will lead to the commercial development of the City's tax base, it also provides for the completion of the Curtiss Mansion renovation which will become a focal point for aviation training, seminars, and social events.

### **FINANCIAL INFORMATION**

#### **Accounting Control**

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 are based upon established and accepted accounting policies and procedures as well as the number of funds required.

## **FINANCIAL INFORMATION (Continued)**

### **Budgetary Controls**

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 the proposed departmental budgets to the City Council for their review along with 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 1<sup>st</sup> by the adoption of a Resolution. The City Manager and Finance Director may recommend amendments to the budget, however, the City Council must approve all 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.

As shown by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

### **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 2010-11 were 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 one year. During FY2011, the City earned \$27,754 in investment income, as compared to \$90,529 earned in fiscal year 2010.

The decline can be directly attributed to lower yields due to market conditions as well as the impact of funds that were frozen in Pool B of the State Board of Administration's (SBA) Local Government Investment Pool. The City's investment in the SBA has been reduced from \$4,665,575 at September 30, 2007, to \$87,113 at September 30, 2011. The 2011 balance includes an unrealized loss of \$27,986 which was also a contributing factor in the lower investment income.

### **Debt Administration**

The city has no General Obligation debt outstanding, the following is a brief description of the various debt instruments outstanding as of September 30, 2011:

In 2003, The Federal Emergency Management Agency, in conjunction with Miami-Dade County, commenced a canal dredging project which was to be paid by various municipalities based upon 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. On September 30, 2011 the rate was 0.916% and the outstanding balance was \$207,288.

On September 2, 2010, the City issued the Capital Improvement Refunding Revenue Note Series 2010 in an amount of \$2,435,812 with Suntrust Bank. The proceeds were used to refund the \$2.5 Million Capital Improvement Revenue Note (series 2008) with SunTrust Bank. The refunding note has a fixed interest rate of 3.81%, is payable in monthly installments of \$15,616 and matures on September 30, 2028. The refunding note is payable solely from and secured by the City's half-cent (½) sales tax revenues. The City achieved a cash flow difference and an economic gain of approximately \$390,000 as a result of the refunding. The balance at September 30, 2011 was \$2,339,279.

## **FINANCIAL INFORMATION (Continued)**

### **Debt Administration (continued)**

On November 12, 2009, the City executed a \$416,647 capital lease with TD Equipment Finance, Inc. The lease has an interest rate of 2.95%, matures on November 11, 2014, and is collateralized by the equipment purchased under the lease. Approximately \$86,787 was used to purchase two new golf course maintenance mowers and an aerator, \$329,860 was used to purchase a new refuse truck and loader crane for the sanitation operation. Under the terms of the Lease, the City is required to make twenty (20) quarterly payments of principal and interest in the amount of \$22,467 commencing on February 1, 2010 and ending with the final payment of \$22,467 on November 1, 2014. The balance as of September 30, 2011 was \$277,550.

On November 29, 2010, the City issued the Sales Tax Revenue Refunding Note Series 2010 in an amount of \$2,610,000 with Branch Banking and Trust (BB&T). The proceeds were used to refund the \$5,000,000 of General Obligation Bonds, Series 1997. The refunding note has a fixed interest rate of 2.35% and matures on February 1, 2018. The refunding note is payable solely from and secured by the City's half-cent (½) sales tax revenues. The City achieved a cash flow difference and an economic gain of approximately \$327,000 as a result of the refunding. The balance at September 30, 2011 was \$2,344,000.

### **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.

## **MAJOR INITIATIVES**

The City's 2010-11 Annual Budget included funding \$475,000 for the completion of the Curtiss Mansion renovation project. Miami-Dade County also awarded the City \$2 million towards the renovation of the historic Curtiss Mansion. These two funding sources, combined with a \$1 million grant from the Florida Department of Transportation (FDOT), will ensure that the City is well on its way to its ultimate goal of converting the mansion into a historical museum and meeting center site. In addition, the City completed two new bike path projects and a new irrigation system for the golf course, as well as providing funding for the scheduled replacement of certain police vehicles, public works trucks and equipment, and golf course equipment.

The City is maintaining financial stability with fiscal management controls by constantly reviewing and monitoring staff levels, and by comparing budget appropriations to actual expenditures, and estimated revenues to actual revenues. The City maintains a level of revenue sufficient to meet operating expenditures. During the year, the City also monitors all user fees to ensure that costs are being matched while at the same time remaining competitive in the marketplace.

## **INDEPENDENT AUDIT**

In accordance with Florida Statutes Section 218.39, the City has engaged the firm of Alberni Caballero & Company, L.L.P., to perform the independent audit of the City's financial statements. The Independent Auditors' 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.

## **AWARDS AND ACKNOWLEDGEMENTS (Continued)**

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 & Company, L.L.P. We wish to express our appreciation to the staff for their efforts 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 to 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

William Alonso CPA, CGFO  
Finance Director

# 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, 2010

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.



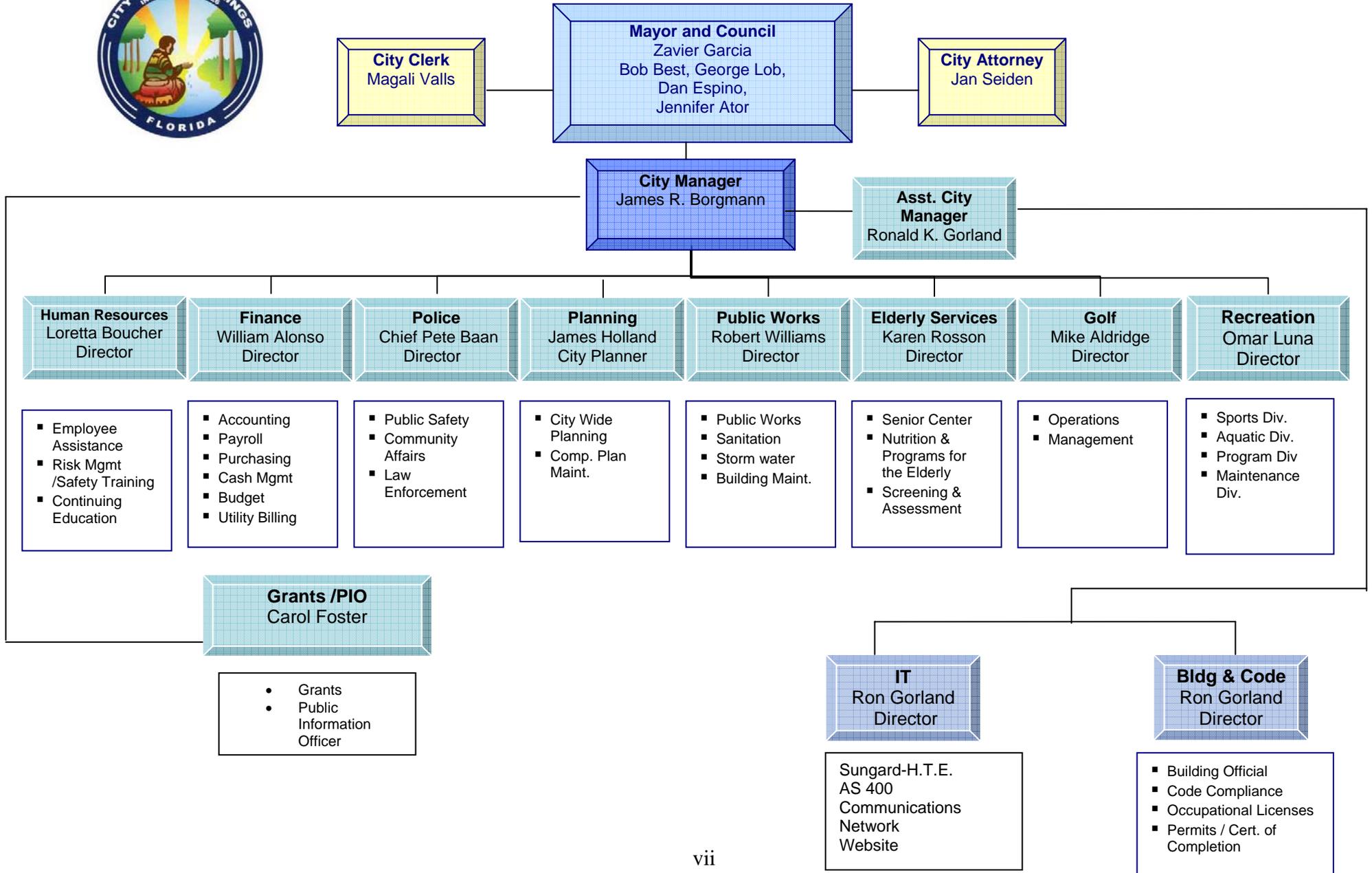
*Linda C. Davison*

President

*Jeffrey R. Enos*

Executive Director

# City of Miami Springs Organizational Chart



# **MIAMI SPRINGS CITY OFFICIALS**

## **CITY COUNCIL**

Mayor: Xavier Garcia

Councilman: George Lob

Councilwoman: Jennifer Ator

Councilman: Bob Best

Councilman: Dan Espino

## **CITY MANAGER**

James Borgmann

## **CITY ATTORNEY**

Jan K. Seiden

## **CITY CLERK**

Magali Valls

## **ASSISTANT CITY MANAGER**

Ronald K. Gorland

## **FINANCE DIRECTOR**

William Alonso CPA, CGFO

## **EXTERNAL AUDITORS**

Alberni, Caballero & Company, L.L.P.

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## **FINANCIAL SECTION**

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CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

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CORAL GABLES, FL 33146  
TEL: 305-662-7272  
FAX: 305-662-4266  
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## **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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2011, 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 January 6, 2012, 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 considered in assessing the results of our audit.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Miami Springs's Florida basic financial statements. The introductory section, combining non-major 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 accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 do not express an opinion or provide any assurance on them.

*Alberni Caballero & Company, LLP*

Coral Gables, Florida  
January 6, 2012

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

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As the 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 the fiscal year which ended on September 30, 2011. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, which can be found on pages i to v of this report.

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 \$29.2 million (net assets). \$4.2 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 \$709,082, from \$29,939,608 in FY2010 to \$29,230,526 in FY2011. The decrease is attributable to the overall increase of \$133,156 from the City's business-type activities, coupled with a decrease of \$842,236 in net assets of the governmental activities.
- During the year, the City had expenses that were \$1,832,181 higher than the \$15.6 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 \$142,089.
- Total cost of all of the City's programs increased by approximately \$700,000 or 4.5% with no new programs added this year. The increase was due to increases in operating costs.
- The General Fund's fund balance decreased by \$1,396,128 for the fiscal year ended September 30, 2011; this decrease was a result of additional appropriations made by Council during the year which included a General Fund subsidy of \$475,000 to the Curtiss Mansion Project to provide the funds required to complete the current phase of the project, and approximately \$496,000 used to balance the FY2010-11 budget.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$3.7 million, or approximately 27% of total general fund expenditures. The committed fund balance was \$1.1 million which represents future costs related to parks and recreation, commercial development, elderly services center and hurricane contingency.
- The City's total debt decreased by approximately \$580,836 or 10.1% (net of principal payments on existing debt). This reduction was due primarily to principal payments during the year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

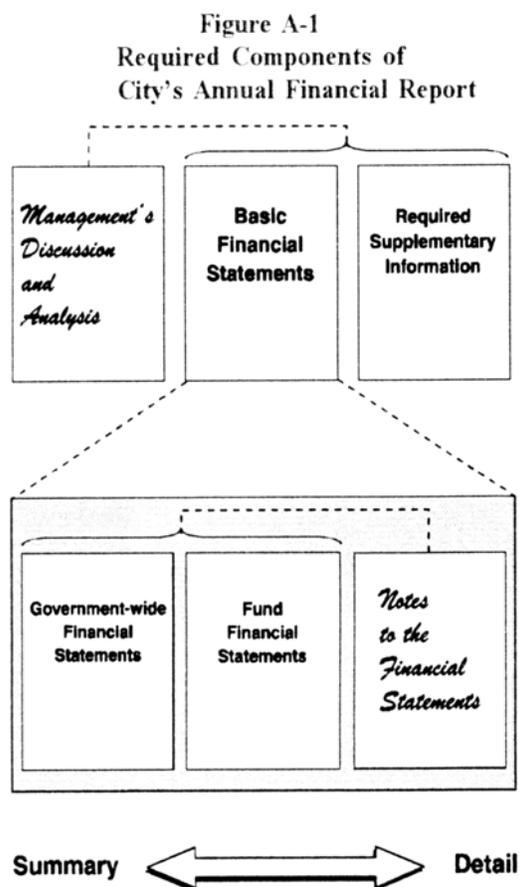
This annual report consists of four parts—*management’s discussion and analysis* (this section), the *basic financial statements*, *required supplementary information* and an additional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include 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 utility and solid waste system.

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’ 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



## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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 solid waste system and stormwater utility.

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 City'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 Capital Projects Fund, the Law Enforcement Trust 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 the 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 the budget. The basic governmental fund financial statements can be found on pages 22 to 25 of this report.

## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

**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 sanitation and stormwater utility 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 solid waste and stormwater utility 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 52 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 53 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 assets, net of related debt.

The City's combined net assets decreased by 2.7% between fiscal years 2010 and 2011 (see Table 1).

## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

### Governmental Activities

Net assets for the City's governmental activities decreased by \$842,237 or 3.2% to \$25.2 million which is attributable to current year operations. The largest portion of the City's governmental net assets, \$20 million or 80%, is restricted as to the purpose they can be used for and are classified as invested in capital assets net of related debt (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 (\$2.1 million or 8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$3.1 million) may be used to meet the City's ongoing obligations to citizens and creditors.

**Table 1**  
**City of Miami Springs' Net Assets**  
*(in millions of dollars)*

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2010	2011	2010	2011	2010	2011	2010-2011
Current and other assets	\$ 10.5	\$ 8.1	\$1.1	\$1.5	\$ 11.6	\$ 9.6	(17.2)%
Capital assets	24.0	24.8	3.5	3.2	27.5	28.0	1.8%
<b>Total assets</b>	<b>34.5</b>	<b>32.9</b>	<b>4.6</b>	<b>4.7</b>	<b>39.1</b>	<b>37.6</b>	<b>3.8%</b>
Long-term debt outstanding	5.6	5.3	0.6	0.6	6.2	5.9	(4.8)%
Other liabilities	2.8	2.4	0.1	0.1	2.9	2.5	(13.8)%
<b>Total liabilities</b>	<b>8.4</b>	<b>7.7</b>	<b>0.7</b>	<b>0.7</b>	<b>9.1</b>	<b>8.4</b>	<b>(7.7)%</b>
Net assets							
Invested in capital assets, Net of related debt	18.8	20.0	2.9	2.9	21.7	22.9	5.5%
Restricted	2.6	2.1	-	-	2.6	2.1	(19.3)%
Unrestricted	4.7	3.1	1.0	1.1	5.7	4.2	(26.3)%
<b>Total net assets</b>	<b>\$ 26.1</b>	<b>\$ 25.2</b>	<b>\$3.9</b>	<b>\$4.0</b>	<b>\$30.0</b>	<b>\$29.2</b>	<b>(2.7)%</b>

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.

Grant funds and loan proceeds were used during FY2011 for the completion of the bike path projects and the ongoing Curtiss Mansion renovation. This resulted in the corresponding decrease in current and other assets of \$2 million from FY2010.

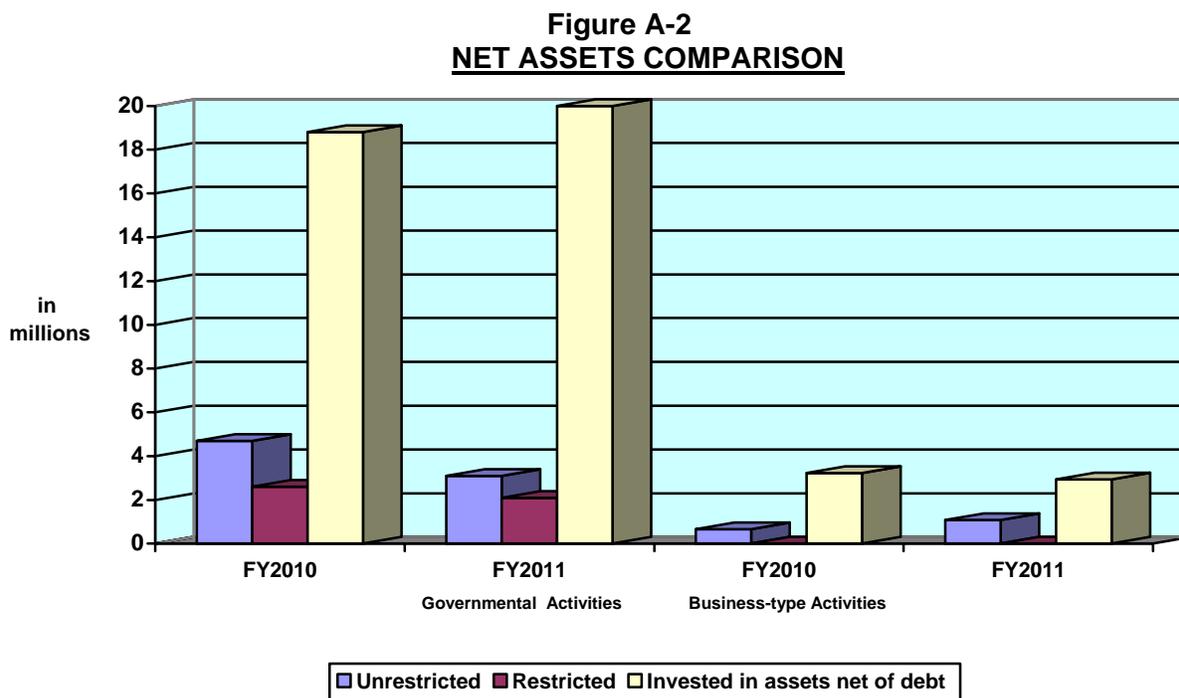
**Summary of Changes in net assets.** The following information is presented to assist the reader in understanding the different types of normal impacts that can affect revenues:

- 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.

## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

### Governmental Activities (continued)

- 2) The City Council has significant authority to set **increases or decreases in City's rates** (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 62.4% of the City's general fund 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 decreased by \$709,082 to approximately \$29.2 million for the current fiscal-year. This is due to the use of available unrestricted net assets to balance the current year budget as well as additional appropriations made during the year.

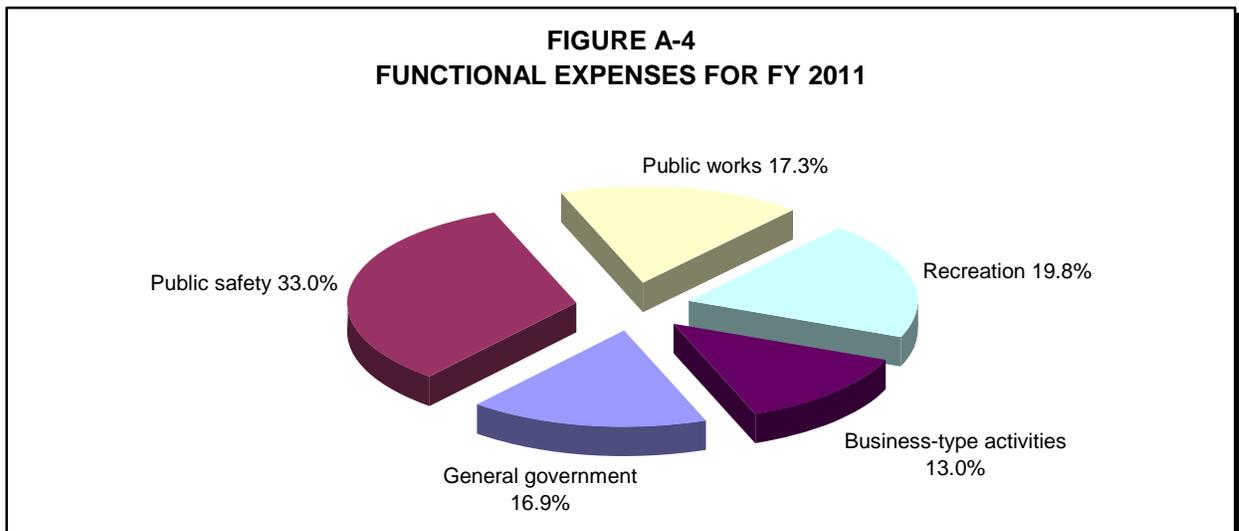
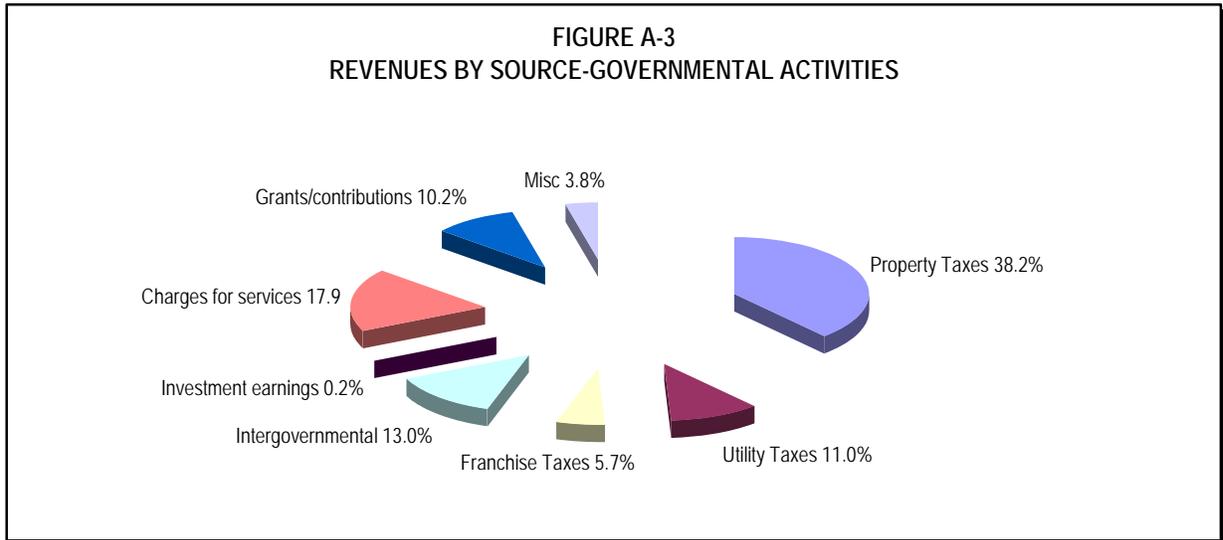
## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

### Governmental Activities (continued)

The City's total revenues decreased by 11.6% to \$18.2 million (see Table 2). This decrease was due primarily to decreases in capital grants related to the new community center construction, the renovation of the Curtis Mansion and the bike path projects commenced during FY2010.

Approximately 38% of the City's revenues come from property taxes, and 55 cents of every dollar raised comes from some type of tax (see Figure A-3). Another 17.8 % comes from fees charged for services, and 13% comes from federal, state and local aid. Total costs of all programs and services increased by approximately \$700,000, or 3.8% (see Table 2).

The City's expenses cover a range of services; with about 47% related to public safety and business-type activities (see Figure A-4).



## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

### Governmental Activities (continued)

Revenues for the City's governmental activities decreased 13.3% (from \$18 million to \$15.6 million), while the expenses increased 5.1% (\$15.6 million to \$16.4 million). The decrease in net assets for governmental activities was \$842,237 in 2011. This compares to a \$2,375,207 increase in 2010. Key elements of the 2011 decrease are as follows:

- Grant revenues decreased by \$3 million, or 73.2% during the year and was due primarily to the completion of capital projects during the prior year for which grant revenues were received.

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

- General government increased approximately \$500,000 or 20.8% from 2010 due primarily to higher operating costs.
- Public works increased by approximately \$200,000 or 6.5% due to higher operating and fuel costs.
- Economic and community development increased by approximately \$100,000 over 2010 due to renovation of the senior center.
- Public Safety increased by approximately \$100,000 or 1.6% over 2010 due to higher fuel and pension costs.

**Table 2**  
**Changes in City of Miami Springs' Net Assets**  
*(in millions of dollars)*

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2010	2011	2010	2011	2010	2011	2010-2011
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 2.4	\$ 2.8	\$ 2.6	\$ 2.6	\$ 5.0	\$ 5.4	8.0 %
Operating grants and contributions	.5	.4	--	--	.5	.4	(20)%
Capital grants and contributions	4.1	1.2	-	--	4.1	1.2	(73.2)%
<b>General revenues</b>							
Property taxes	6.1	6.0	--	--	6.1	6.0	(1.6)%
Franchise taxes	.8	.9	--	--	.8	.9	12.5 %
Utility taxes	1.8	1.7	--	--	1.8	1.7	(5.5)%
Investment & other income	.4	.6	-	--	.4	.6	50.0 %
Intergovernmental	1.9	2.0	--	--	1.9	2.0	5.3 %
<b>Total revenues</b>	<b>18.0</b>	<b>15.6</b>	<b>2.6</b>	<b>2.6</b>	<b>20.6</b>	<b>18.2</b>	<b>(11.6)%</b>
<b>Expenses</b>							
General government	2.4	2.9	--	--	2.4	2.9	20.8 %
Public safety	6.1	6.2	--	--	6.1	6.2	1.6 %
Public works	3.1	3.3	2.6	2.5	5.7	5.8	1.7 %
Parks and recreation	3.7	3.7	--	--	3.7	3.7	2.7 %
Economic & community development	--	.1	--	--	--	.1	
Interest on long-debt	.3	.2	--	--	.3	.2	(33.3) %
<b>Total expenses</b>	<b>15.6</b>	<b>16.4</b>	<b>2.6</b>	<b>2.5</b>	<b>18.2</b>	<b>18.9</b>	<b>3.8 %</b>
<b>Increase (decrease) in net assets</b>	<b>\$ 2.4</b>	<b>\$ (.8)</b>	<b>\$ -</b>	<b>\$ .1</b>	<b>\$ 2.4</b>	<b>\$ (.7)</b>	<b>(129)%</b>

Note: Totals may not add due to rounding.

## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

### Governmental Activities (continued)

In FY 2011, the City's millage rate was 6.4710 compared to 6.1698 in FY 2010. The City's total general fund revenue sources were \$324,567 more than the final budgeted revenues of \$12.6 million. The total expenditures were less than budgeted by \$553,525 due to staff vacancies, unused departmental expenditures, and capital projects deferred to future years.

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 \$16.4 million. Some of that cost was financed by:
  - Those who directly benefited from the programs through charges for services (\$2.8 million)
  - Other governments and organizations that subsidized certain programs from operating grants and contributions (\$0.4 million) and capital grants and contributions (\$1.2 million).
- The City financed the remaining \$12 million “public benefit” portion of governmental activities with \$8.6 million in taxes, and with other revenues such as interest and unrestricted state aid.

**Table 3**  
**Net Cost of the City's Governmental Activities**  
*(in millions of dollars)*

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2010	2011	2010-2011	2010	2011	2010-2011
Public safety	6.1	6.2	1.6%	\$ 5.5	\$ 5.8	5.5%
Recreation/social services	3.7	3.7	-%	.2	2.3	1050%
General government	2.4	2.9	20.8%	1.6	1.9	18.8%
Public works	3.1	3.3	6.5%	2.3	3.2	39.1%
Community development	.1	.1	-%	(1.2)	(1.3)	(8.3)%
Interest on long term debt	.3	.2	(33.3)%	.3	.2	(33.3)%
<b>Total</b>	<b>\$15.7</b>	<b>\$16.4</b>	<b>4.5%</b>	<b>\$8.7</b>	<b>\$12.1</b>	<b>39.1%</b>

### Business-type Activities

For FY 2011, there was an increase of approximately \$417,000 in unrestricted net assets and \$133,000 in total net assets reported in connection with the City's business-type activities.

Key elements of these changes are as follows:

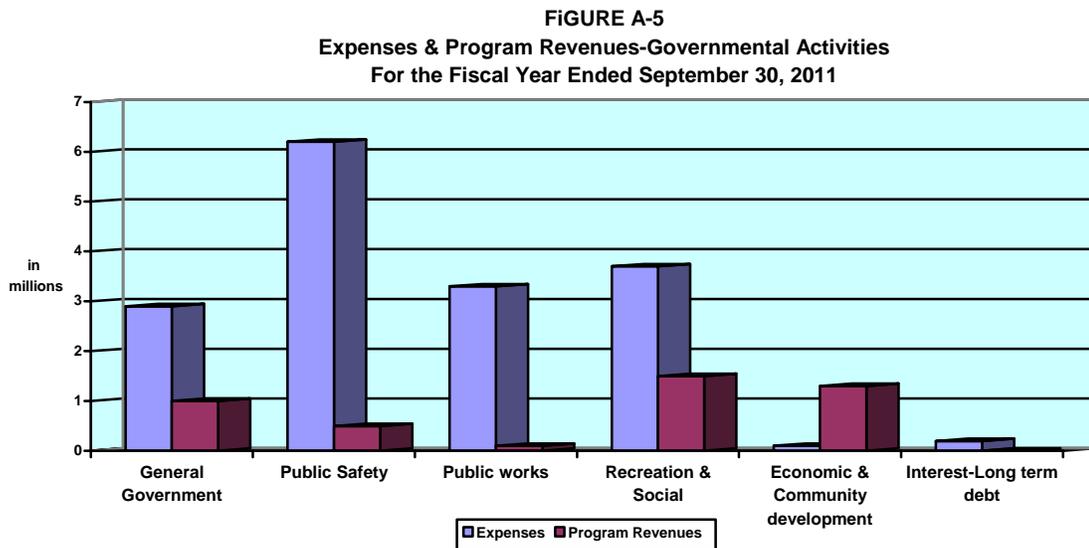
- The operating profit for all business-type activities was \$142,090.

## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

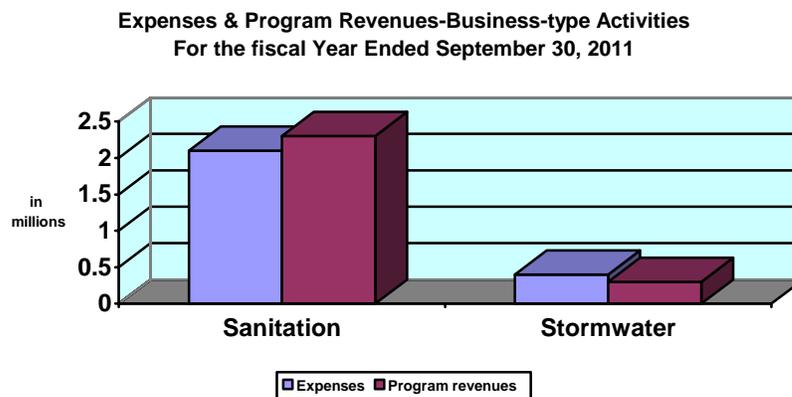
### Business-type Activities (continued)

- The sanitation operation posted operating income of \$236,632. As was the case last year, this operation was self supporting and did not require a general fund subsidy.
- The stormwater utility operation reflected a loss of \$94,354, however this loss was funded from available fund balance and as such, it too required no subsidy from the City's general fund.

Revenues of the City's business-type activities remained stable from the prior year at \$2.6 million (see Table 2).



**Figure A-6**



Operating expenses for the business-type activities increased by \$137,000 or 5% from FY2010 mainly due to increases in operating costs.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported combined fund balances of \$7 million, or a decrease of \$1.9 million compared to last year's combined fund balances of \$8.9

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS (continued)**

million. Included in this year's total change in fund balance of \$1.4 million in the general fund to cover \$475,000 for the Curtis Mansion project as well as the operating loss for FY2011. The primary reasons for the decrease are the same as those that have already been 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 by 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, the total fund balance of the general fund was \$4.9 million, as compared with \$6.3 million in the prior year. The breakdown of fund balance classifications is as follows:

- Unassigned fund balance was \$3.6 million compared to \$4.2 million in FY2010; decrease was due to the deficit reported in current year activity.
- Committed was \$1.2 million compared to \$2.1 million in FY2010; decrease is due to funds committed in prior year being used in FY2011 for the new gym, mansion and commercial revitalization work.
- Non-spendable was \$139,625 compared to \$84,261 last year; variance is due to the ending encumbrance balance for the current year.

During FY 2011, the General Fund provided \$475,000 in transfers to the Capital Projects Fund to cover the cost of the renovation of the Curtiss Mansion. In addition, the general fund provided a subsidy of \$132,564 to the Senior Center Fund to cover the operating deficits of this operation for the fiscal year.

When compared to 2010, total revenues for the General Fund decreased by \$136,036 or 1.0%. Property taxes again decreased by \$155,893 or 2.7% during the year due to lower assessed values.

In fiscal year 2011, total General Fund expenditures increased by \$354,436 or 2.6% compared to the prior year. The bulk of the increase was a \$206,660 or 6.9% increase in recreation services due to the increased operating and personnel costs of the new community center. It should be noted that all departments incurred increases in operating costs as well as increased costs for employee benefits and pension contributions.

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.

### **General Fund Budgetary Highlights**

Over the course of the year, the City amended the General Fund budget five 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 \$553,525 below final budgeted amounts. The most significant contributor to this variance was lower than budgeted expenditures in recreation, of \$241,170 due to budgeted capital expenditures that were deferred to future years.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS (continued)

### General Fund Budgetary Highlights (continued)

Other significant savings occurred in general government of \$232,276, public safety of \$18,437, and public works of \$61,542. These savings were due to lower than expected operating expenditures as well as personnel vacancies during the year.

The fiscal year 2011 final amended budget was \$14,363,224 or an increase of 7% over the original General Fund budget of \$13,406,639. Compared to 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 1.4%. Beyond base revenues of \$12,915,490 and \$412,563 in transfers from the Hurricane fund, the final Adopted Budget was balanced by using \$1,396,128 of available fund balance. The original General Fund budget consisted of \$13,627,151 in base expenditures and \$163,544 in operating transfers to the other funds.

**Table 4**  
**General Fund Revenues**

<u>Revenue Sources</u>	<u>2011 Amount</u>	<u>Percent of Total</u>	<u>2010 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2010</u>	<u>Percentage Increase (Decrease)</u>
Property taxes	\$5,576,976	43.2%	\$5,732,869	43.9%	(\$155,893)	-2.7%
Franchise fees	890,519	6.9%	901,539	6.9%	(11,020)	-1.2%
Utility taxes	998,002	7.7%	993,594	7.6%	4,408	0.4%
Communications services tax	720,277	5.6%	789,865	6.1%	(69,588)	-8.8%
Licenses and permits	640,987	5.0%	817,571	6.3%	(176,584)	-21.6%
Intergovernmental	1,765,826	13.7%	1,629,796	12.5%	136,030	8.3%
Charges for services	1,908,461	14.8%	1,678,566 *	12.9%	229,895	13.7%
Fines and forfeitures	209,200	1.6%	202,776	1.6%	6,424	3.2%
Investment income	21,126	0.2%	72,518	0.6%	(51,392)	-70.9%
Rental revenues	117,883	0.9%	101,475	0.8%	16,408	16.2%
Other revenues	66,233	0.5%	130,957	1.0%	(64,724)	-49.4%
<b>Total revenues</b>	<b>\$12,915,490</b>	<b>100.0%</b>	<b>\$13,051,526</b>	<b>100.0%</b>	<b>(\$136,036)</b>	<b>-1.0%</b>

\*Balance includes Golf Course Operations for 2010 in order to be comparable with the 2011 balances. The Golf Course was a special revenue fund that was closed to the General Fund in 2011.

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

**Table 5**  
**General Fund Expenditures**

<u>Expenditures</u>	<u>2011 Amount</u>	<u>Percent of Total</u>	<u>2010 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2010</u>	<u>Percentage Increase (Decrease)</u>
General government services	\$2,757,312	20.0%	\$2,679,301	19.9%	\$78,011	2.9%
Public safety	5,890,315	42.7%	5,859,086	43.5%	31,229	0.5%
Public works	1,979,951	14.3%	1,941,414	14.4%	38,537	2.0%
Recreation and social services	3,182,120	23.0%	2,975,460 *	22.1%	206,660	6.9%
<b>Total expenditures</b>	<b>\$13,809,698</b>	<b>100.0%</b>	<b>\$13,455,261</b>	<b>100.0%</b>	<b>\$354,437</b>	<b>2.6%</b>

\*Balance includes Golf Course Operations for 2010 in order to be comparable with the 2011 balances. The Golf Course was a special revenue fund that was closed to the General Fund in 2011

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS (continued)

### General Fund Budgetary Highlights (continued)

Differences between the original budget and the final amended budget increased appropriations by \$956,585 and can be briefly summarized as follows:

- ◆ \$304,928 in encumbrances carried over from FY2009-10
- ◆ \$475,000 in additional appropriations to fund the renovation of the Curtis Mansion project
- ◆ \$175,657 in additional appropriations related to grants received, additional operating expenditures of the new community center, and various equipment purchases

These increases were to be budgeted from available fund balance, however, during the year, expenditures were less than budgetary estimates, thus reducing the amount of unassigned fund balance that needed to be used.

The increase between the estimated revenues and the actual revenues in the General Fund was approximately \$324,567 for FY 2011.

The difference between the appropriations and the actual expenditures in the General Fund was approximately \$553,525 for fiscal year 2011. These variances are explained below:

- Lower than budgeted expenditures in recreation, of \$241,170 due to budgeted capital expenditures that were deferred to future years.
- Other significant savings occurred in general government of \$232,376, public safety of \$18,437, and public works of \$61,542. These savings were due to lower than expected operating expenditures as well as personnel vacancies during the year.

### Other Major Governmental Funds

**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 FY2011 were \$431,552 compared to \$408,565 in FY2010. The fund balance decreased by \$487,959 to \$933,965 at the end of the fiscal year.

**Law Enforcement Trust Fund-** This fund accounts for all resources accumulated from the receipt of forfeited property as well as federal grants, all proceeds are to be used for law enforcement purposes only. Revenues for FY2011 were \$28,356 compared to \$164,995 in FY2010. The fund balance decreased by \$127,978 to \$887,500 at the end of the fiscal year.

**Capital Projects Fund-** This fund is used to account for the Curtiss Mansion renovation project which is partly funded with Miami-Dade County GOB Bonds. During the year the fund reported revenues of \$1.1 million mainly from grant revenues received and transfers in from other funds of \$556,028. Expenditures for the year totaled \$1.5 million. The fund balance at year end was \$168,800 and will be appropriated in FY2012 for the completion of the Mansion project.

## 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, 2011 increased by \$400,000 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 Springs' Capital Assets**  
*(net of depreciation, in millions of dollars)*

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2010	2011	2010	2011	2010	2011	2010-2011
Land	\$ 3.1	\$ 3.1	\$ -	\$ -	\$ 3.1	\$ 3.1	0.0%
Buildings	9.8	9.6	0.0	0.0	9.8	9.6	-2.0%
Improvements other than buildings	1.6	1.5	0.0	0.0	1.6	1.5	-6.3%
Equipment	2.0	3.0	0.7	0.6	2.7	3.6	33.3%
Infrastructure	3.6	4.2	2.5	2.5	6.1	6.7	9.8%
Construction in progress	3.9	3.4	0.3	0.0	4.2	3.4	-19.0%
<b>Total</b>	<b>\$ 24.0</b>	<b>\$ 24.8</b>	<b>\$ 3.5</b>	<b>\$ 3.1</b>	<b>\$ 27.5</b>	<b>\$ 27.9</b>	<b>1.5%</b>

This years major capital asset additions before depreciation for the governmental activities equaled approximately \$4 million and includes the following:

- The City recognized construction in progress related to the Curtiss Mansion and two bike path projects.
- The City completed two new bike path projects and a new irrigation system for the golf course.
- Scheduled replacement of certain police vehicles, public works trucks and equipment, and golf course equipment.

The business-type activities reported capital asset additions before depreciation of approximately \$189,408 and includes the following:

- The City recognized construction in progress related to the Basin 35 stormwater project.

Additional information on the City's capital assets can be found in Note 5 on pages 40 to 41 of this report.

**Long-term debt.** At year-end the City had \$4.6 million in notes payable, as shown in Table 7. Notes payable include the \$2.4 million refunding note for the new Community Center as well as the \$2.6 million refunding note that was executed to refund the 1997 General Obligation bonds. Total debt decreased by approximately \$600,000 or 10.5%.

## CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

The debt position of the City is summarized below and is more fully explained in Note 6, Long-Term Debt, beginning on page 41.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2010	2011	2010	2011	2010	2011	2010-11
General obligation bonds	2.6	0.0	0.0	0.0	2.6	0.0	-100.0%
Notes payable	2.5	4.6	0.2	0.2	2.7	4.8	77.8%
Capital lease payable	0.1	0.1	0.3	0.2	0.4	0.3	-25.0%
<b>Total</b>	<b>\$ 5.2</b>	<b>\$ 4.7</b>	<b>\$ 0.5</b>	<b>\$ 0.4</b>	<b>\$ 5.7</b>	<b>\$ 5.1</b>	<b>-10.5%</b>

## 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 was presented to the City electors in a ballot question on April 7, 2009 and approved overwhelmingly by the residents of the City.

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 upon property taxes and a limited array of permitted other taxes (sales, telecommunication, gasoline, utilities services, etc.) and fees (franchise, building permits, occupational license, etc.) for funding of their governmental activities. In addition, 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. 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.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATIOS (continued)

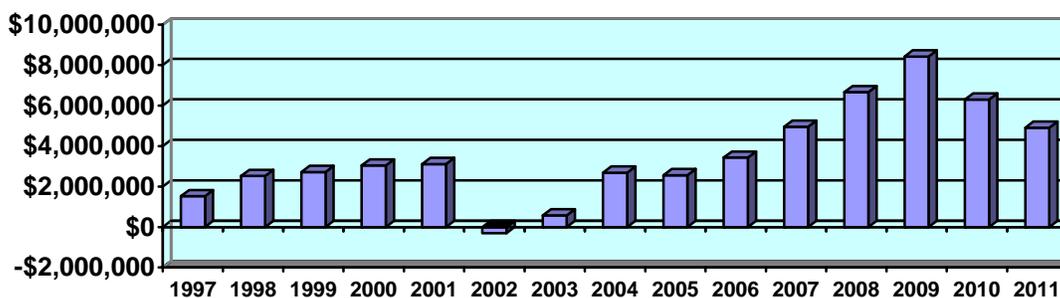
With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption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

Revenues (excluding transfers) in the FY 2012 adopted General Fund budget are \$13.2 million, an increase of approximately 2.3% from the FY 2011 actual revenues of \$12.9 million. State revenue sharing and franchise/utility taxes will account for most of this expected increase.

**Figure A-7**

**General Fund Unrestricted Surplus (Deficit)  
For the Fiscal Years ended September 30, 1997-2011**



During the current fiscal year, the total fund balance in the General Fund was \$4.9 million compared to \$6.3 million from last year. This \$4.9 million is approximately equal to 3.5 months of General Fund budgeted expenditures. The City, as can be seen at Figure A-7, has re-built its fund balance over the past ten years. During the FY2010-2011 fiscal years, however, a portion of the unassigned fund balance was used for certain infrastructure projects and to moderate the FY2010-FY2011 property tax millage rate.

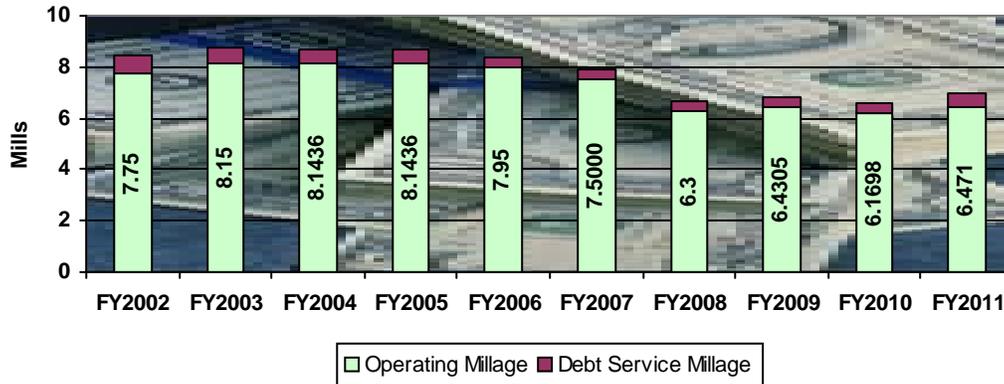
In 1995, the state of Florida limited all local governments' ability to increase property taxable values in any given year to 3 percent or cost of living, whichever is lower. Figure A-8 illustrates that the City has maintained a stable property tax rate for the past three years. For many years, the City, 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 2011, which is collected in fiscal year 2012, is 6.7410 or \$6.7410 per thousand dollars of taxable value. 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.

## Economic Factors and Next Year's Budgets and Ratios (continued)

Property values for fiscal year 2012 were \$905,241,464 or an increase of approximately \$38 million or 4.4% from the \$867,137,364 in final taxable value for the prior fiscal year.

**Figure A-8  
Total City Millage**



Fiscal year 2012 budgeted expenditures and transfers are expected to be \$14.1 million, or 4%, less than the fiscal year 2011 actual of \$14.7 million. Given the current economic conditions, the City's budgetary General Fund balance is expected to report a modest increase in FY2011-12.

### 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](http://www.miamisprings-fl.gov). If you have questions about the report or need additional financial information, contact William Alonso, CPA, CGFO, Finance Director, City of Miami Springs, 201 Westward Drive, Miami Springs, Florida 33166.

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# **BASIC FINANCIAL STATEMENTS**

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## CITY OF MIAMI SPRINGS, FLORIDA

### STATEMENT OF NET ASSETS

SEPTEMBER 30, 2011

	Governmental Activities	Business- Type Activities	Total
<b><u>ASSETS</u></b>			
Cash and equity in pooled cash and investments	\$ 4,951,355	\$ 1,452,165	\$ 6,403,520
Accounts receivable - net	1,050,929	63,062	1,113,991
Inventories	127,468	-	127,468
Deferred charges	12,157	-	12,157
Net pension asset	127,036	-	127,036
Restricted assets:			
Cash and equity in pooled cash and investments	1,851,759	-	1,851,759
Capital assets:			
Land	3,085,904	-	3,085,904
Construction in progress	3,363,688	-	3,363,688
Building	12,966,456	-	12,966,456
Equipment	7,352,442	1,673,607	9,026,049
Improvements other than building	3,402,540	4,348,542	7,751,082
Infrastructure	<u>16,432,672</u>	<u>-</u>	<u>16,432,672</u>
Total capital assets	46,603,702	6,022,149	52,625,851
Less accumulated depreciation	<u>(21,855,965)</u>	<u>(2,871,896)</u>	<u>(24,727,861)</u>
Total capital assets - net	<u>24,747,737</u>	<u>3,150,253</u>	<u>27,897,990</u>
Total assets	<u>32,868,441</u>	<u>4,665,480</u>	<u>37,533,921</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued expenses	589,006	24,817	613,823
Accrued payroll	304,895	25,166	330,061
Unearned revenue	75,333	-	75,333
Noncurrent liabilities:			
Due within One Year:			
Bonds and Loans Payable	427,598	265,873	693,471
Compensated Absences	981,505	67,650	1,049,155
Due in More Than One Year:			
Bonds and Loans Payable	4,309,244	165,832	4,475,076
Compensated Absences	581,306	49,906	631,212
Other Post Employment Benefits	<u>388,180</u>	<u>47,084</u>	<u>435,264</u>
Total liabilities	<u>7,657,067</u>	<u>646,328</u>	<u>8,303,395</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	20,010,895	2,942,965	22,953,860
Restricted for:			
Law Enforcement	887,500	-	887,500
Capital Projects	168,801	-	168,801
Debt service	111,518	-	111,518
Roads and transportation	933,965	-	933,965
Senior Center	18,869	-	18,869
Unrestricted	<u>3,079,826</u>	<u>1,076,187</u>	<u>4,156,013</u>
Total net assets	<u>\$ 25,211,374</u>	<u>\$ 4,019,152</u>	<u>\$ 29,230,526</u>

**CITY OF MIAMI SPRINGS, FLORIDA**

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<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>
<b>Functions/programs</b>							
Governmental activities:							
General government	\$ 2,913,544	\$ 1,048,283	\$ -	\$ -	\$ (1,865,261)	\$ -	\$ (1,865,261)
Public safety	6,228,033	231,582	226,112	-	(5,770,339)	-	(5,770,339)
Public works	3,261,452	12,983	-	77,320	(3,171,149)	-	(3,171,149)
Recreation and social services	3,747,893	1,467,204	11,327	7,477	(2,261,885)	-	(2,261,885)
Economic and community development	79,402	14,775	205,989	1,125,031	1,266,393	-	1,266,393
Interest on long-term debt	202,475	-	-	-	(202,475)	-	(202,475)
Total governmental activities	<u>16,432,799</u>	<u>2,774,827</u>	<u>443,428</u>	<u>1,209,828</u>	<u>(12,004,716)</u>	<u>-</u>	<u>(12,004,716)</u>
Business-type activities:							
Sanitation	2,069,278	2,298,155	-	-	-	228,877	228,877
Stormwater	395,995	299,176	-	-	-	(96,819)	(96,819)
Total business activities	<u>2,465,273</u>	<u>2,597,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,058</u>	<u>132,058</u>
Total	<u>\$ 18,898,072</u>	<u>\$ 5,372,158</u>	<u>\$ 443,428</u>	<u>\$ 1,209,828</u>	<u>\$ (12,004,716)</u>	<u>\$ 132,058</u>	<u>\$ (11,872,658)</u>
General revenues:							
Property taxes, levied for general purpose					\$ 5,576,976	\$ -	\$ 5,576,976
Property taxes, levied for debt service					382,947	-	382,947
Utility taxes					1,718,279	-	1,718,279
Franchise fees on gross receipts					890,519	-	890,519
Intergovernmental (unrestricted)					1,998,841	-	1,998,841
Investment income					26,657	1,097	27,754
Miscellaneous					568,260	-	568,260
Total general revenues					<u>11,162,479</u>	<u>1,097</u>	<u>11,163,575</u>
Change in net assets					<u>(842,237)</u>	<u>133,155</u>	<u>(709,082)</u>
Net assets, October 1					<u>26,053,611</u>	<u>3,885,997</u>	<u>29,939,608</u>
Net assets, September 30					<u>\$ 25,211,374</u>	<u>\$ 4,019,152</u>	<u>\$ 29,230,526</u>

**CITY OF MIAMI SPRINGS, FLORIDA**

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2011

	Major Funds					
	General	Road and Transportation	LETF Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and equity in pooled cash and investments	\$ 4,717,124	\$ -	\$ -	\$ 233,822	\$ 409	\$ 4,951,355
Accounts receivable - net	692,097	91,540	-	223,146	44,146	1,050,929
Inventories	127,468	-	-	-	-	127,468
Restricted assets:						
Cash and equity in pooled cash and investments	-	859,563	887,500	-	104,696	1,851,759
Deferred charges	12,157	-	-	-	-	12,157
Total assets	<u>\$ 5,548,846</u>	<u>\$ 951,103</u>	<u>\$ 887,500</u>	<u>\$ 456,968</u>	<u>\$ 149,251</u>	<u>\$ 7,993,668</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Accounts payable	\$ 216,497	\$ 17,138	\$ -	\$ 288,168	\$ 13,905	\$ 535,708
Accrued payroll	299,936	-	-	-	4,959	304,895
Other liabilities	53,295	-	-	-	-	53,295
Deferred revenues	75,339	-	-	-	-	75,339
Total liabilities	<u>645,067</u>	<u>17,138</u>	<u>-</u>	<u>288,168</u>	<u>18,864</u>	<u>969,237</u>
<u>FUND BALANCES</u>						
Nonspendable	139,625	-	-	-	-	139,625
Restricted	-	933,965	887,500	-	111,518	1,932,983
Committed	1,130,504	-	-	168,800	-	1,299,304
Assigned	-	-	-	-	18,869	18,869
Unassigned	3,633,650	-	-	-	-	3,633,650
Total fund balances	<u>4,903,779</u>	<u>933,965</u>	<u>887,500</u>	<u>168,800</u>	<u>130,387</u>	<u>7,024,431</u>
Total liabilities and fund balances	<u>\$ 5,548,846</u>	<u>\$ 951,103</u>	<u>\$ 887,500</u>	<u>\$ 456,968</u>	<u>\$ 149,251</u>	<u>\$ 7,993,668</u>
	-	-	-	-	-	-

**CITY OF MIAMI SPRINGS, FLORIDA**  
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
 GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2011

Fund balances - total government funds (Page 22) \$ 7,024,431

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	46,603,702
Less accumulated depreciation	(21,855,965)

Net pension asset	127,036
OPEB liability	(388,180)

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	\$	(2,344,436)
Notes payable		(2,339,279)
Capital leases		(53,124)
Compensated absences		(1,562,811)
		<u>(6,299,650)</u>

Net assets of governmental activities (Page 20) \$ 25,211,374

**CITY OF MIAMI SPRINGS, FLORIDA**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Major Funds					Total Governmental Funds
	General	Road and	LETF	Capital	Other	
		Transportation	Fund	Projects	Governmental Funds	
<b>Revenues:</b>						
Taxes and franchise fees	\$ 6,467,495	\$ -	\$ -	\$ -	\$ 382,947	\$ 6,850,442
Charges for services	1,908,461	12,983	-	-	14,775	1,936,219
Public service taxes	1,718,279	-	-	-	-	1,718,279
Intergovernmental	1,765,826	418,043	23,352	1,143,559	258,079	3,608,859
Licenses and permits	640,987	-	-	-	-	640,987
Fines and forfeitures	209,200	-	-	-	-	209,200
Investment income	21,126	526	5,004	-	-	26,656
Miscellaneous	184,116	-	-	-	415,805	599,921
<b>Total revenues</b>	<b>12,915,490</b>	<b>431,552</b>	<b>28,356</b>	<b>1,143,559</b>	<b>1,071,606</b>	<b>15,590,563</b>
<b>Expenditures:</b>						
Current:						
General government	2,754,869	-	-	-	-	2,754,869
Public safety	5,844,107	-	83,430	-	-	5,927,537
Public works	1,978,076	730,824	-	23,669	-	2,732,569
Recreation and social services	2,969,500	-	-	-	345,278	3,314,778
Economic and community development	-	-	-	22,317	49,224	71,541
Debt service:						
Principal retirement	-	-	-	-	3,086,304	3,086,304
Interest and fiscal charges	-	-	-	-	202,475	202,475
Capital outlay:						
General government	2,443	-	-	-	-	2,443
Public safety	46,208	-	72,904	-	-	119,112
Public works	1,875	58,436	-	165,008	-	225,319
Recreation and social services	212,620	-	-	-	-	212,620
Economic and community development	-	-	-	1,319,792	63,384	1,383,176
<b>Total expenditures</b>	<b>13,809,698</b>	<b>789,260</b>	<b>156,334</b>	<b>1,530,786</b>	<b>3,746,665</b>	<b>20,032,743</b>
Deficiency of revenues over expenditures before other financing (uses) sources	<u>(894,208)</u>	<u>(357,708)</u>	<u>(127,978)</u>	<u>(387,227)</u>	<u>(2,675,059)</u>	<u>(4,442,180)</u>
Other financing (uses) sources:						
Issuance of debt	-	-	-	-	2,610,000	2,610,000
Transfers in	412,563	-	-	556,028	488,707	1,457,298
Transfers out	<u>(914,483)</u>	<u>(130,251)</u>	<u>-</u>	<u>-</u>	<u>(412,563)</u>	<u>(1,457,297)</u>
<b>Total other financing (uses) sources</b>	<b>(501,920)</b>	<b>(130,251)</b>	<b>-</b>	<b>556,028</b>	<b>2,686,144</b>	<b>2,610,001</b>
<b>Net change in fund balances</b>	<b>(1,396,128)</b>	<b>(487,959)</b>	<b>(127,978)</b>	<b>168,801</b>	<b>11,085</b>	<b>(1,832,179)</b>
Fund balances - beginning	6,299,906	1,421,924	1,015,478	-	119,302	8,856,610
<b>Fund balances - ending</b>	<b>\$ 4,903,778</b>	<b>\$ 933,965</b>	<b>\$ 887,500</b>	<b>\$ 168,801</b>	<b>\$ 130,387</b>	<b>\$ 7,024,431</b>



## CITY OF MIAMI SPRINGS, FLORIDA

### STATEMENT OF NET ASSETS

#### PROPRIETARY FUNDS

SEPTEMBER 30, 2011

<u>ASSETS</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
<b>Current assets:</b>			
Cash and equity in pooled cash and investments	\$ 751,878	\$ 700,287	\$ 1,452,165
Accounts receivable - net	39,360	23,702	63,062
Total current assets	<u>791,238</u>	<u>723,989</u>	<u>1,515,227</u>
<b>Non-current assets:</b>			
<b>Capital assets:</b>			
Equipment	1,462,256	211,351	1,673,607
Improvements other than building	-	4,348,542	4,348,542
Total capital assets	1,462,256	4,559,893	6,022,149
Less accumulated depreciation	(879,168)	(1,992,728)	(2,871,896)
Total capital assets - net	<u>583,088</u>	<u>2,567,165</u>	<u>3,150,253</u>
Total noncurrent assets	<u>583,088</u>	<u>2,567,165</u>	<u>3,150,253</u>
Total assets	<u>1,374,326</u>	<u>3,291,154</u>	<u>4,665,480</u>
<b><u>LIABILITIES</u></b>			
<b>Current liabilities:</b>			
Accounts payable	24,810	7	24,817
Accrued liabilities	22,539	2,627	25,166
Current portion of notes payable	-	41,456	41,456
Current portion of capital leases	224,417	-	224,417
Compensated absences	62,429	5,221	67,650
Total current liabilities	<u>334,195</u>	<u>49,311</u>	<u>383,506</u>
<b>Non-current liabilities:</b>			
OPEB Liability	40,289	6,795	47,084
Notes payable	-	165,832	165,832
Compensated absences	48,664	1,242	49,906
Total noncurrent liabilities	<u>88,953</u>	<u>173,869</u>	<u>262,822</u>
Total liabilities	<u>423,148</u>	<u>223,180</u>	<u>646,328</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	583,088	2,359,877	2,942,965
Unrestricted	368,090	708,097	1,076,187
Total net assets	<u>\$ 951,178</u>	<u>\$ 3,067,974</u>	<u>\$ 4,019,152</u>

**CITY OF MIAMI SPRINGS, FLORIDA**

## STATEMENT OF REVENUES, EXPENSES

## AND CHANGES IN FUND NET ASSETS

## PROPRIETARY FUND TYPES

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Business-type Activities - <u>Enterprise Funds</u>		
	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 2,298,155	\$ 299,176	\$ 2,597,331
Total operating revenues	<u>2,298,155</u>	<u>299,176</u>	<u>2,597,331</u>
Operating expenses:			
Administrative costs	1,154,737	141,551	1,296,288
Operations and maintenance	234,181	109,503	343,684
Disposal & recycling costs	618,343	-	618,343
Depreciation and amortization	<u>54,262</u>	<u>142,664</u>	<u>196,926</u>
Total operating expenses	<u>2,061,523</u>	<u>393,718</u>	<u>2,455,241</u>
Operating income (loss)	<u>236,632</u>	<u>(94,542)</u>	<u>142,090</u>
Non-operating revenues (expenses):			
Interest income	632	465	1,097
Interest expense and fees	<u>(7,755)</u>	<u>(2,277)</u>	<u>(10,032)</u>
Total non-operating expenses	<u>(7,123)</u>	<u>(1,812)</u>	<u>(8,935)</u>
Change in net assets	229,509	(96,354)	133,155
Total net assets, October 1	<u>721,669</u>	<u>3,164,328</u>	<u>3,885,997</u>
Total net assets, September 30	<u>\$ 951,178</u>	<u>\$ 3,067,974</u>	<u>\$ 4,019,152</u>

**CITY OF MIAMI SPRINGS, FLORIDA**

STATEMENT OF CASH FLOWS

PROPRIETARY FUND TYPES

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>			
Cash received from customers, governments and other funds	\$ 2,524,268	\$ 289,429	\$ 2,813,697
Cash paid to suppliers	(1,110,865)	(130,483)	(1,241,348)
Cash paid to employees	(569,795)	(67,807)	(637,602)
Payments for interfund services used	(350,000)	(53,000)	(403,000)
Net cash provided by operating activities	<u>493,608</u>	<u>38,139</u>	<u>531,747</u>
<b>Cash Flows From Capital And Related Financing Activities:</b>			
Developer reimbursement	-	128,000	128,000
Principal retirements of capital debt	(64,139)	(41,458)	(105,597)
Interest paid on capital debt	(7,754)	(2,277)	(10,031)
Net cash provided (used) by capital and related financing activities	<u>(71,893)</u>	<u>84,265</u>	<u>12,372</u>
<b>Cash Flows From Investing Activities:</b>			
Interest and other income	631	465	1,096
Net cash provided by investing activities	<u>631</u>	<u>465</u>	<u>1,096</u>
Net Increase In Pooled Cash And Cash Equivalents	422,346	122,869	545,215
Pooled Cash And Cash Equivalents, October 1	<u>329,533</u>	<u>577,417</u>	<u>906,950</u>
Pooled Cash And Cash Equivalents, September 30	<u>\$ 751,879</u>	<u>\$ 700,286</u>	<u>\$ 1,452,165</u>
<b>Reconciliation Of Operating Income (Loss) To Net Cash</b>			
<b>Provided By Operating Activities:</b>			
Operating income (loss)	\$ 236,632	\$ (94,542)	\$ 142,090
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>			
Depreciation and amortization	54,262	142,664	196,926
<b>Change in assets and liabilities:</b>			
(Increase) decrease in accounts receivable	182,883	(12,400)	170,483
(Decrease) increase in accounts payable	(48)	-	(48)
Increase (Decrease) in accrued liabilities	3,029	332	3,361
Increase (Decrease) in compensated absences	5,664	188	5,852
Increase (Decrease) in OPEB liabilities	11,186	1,897	13,083
Total adjustments	<u>256,976</u>	<u>132,681</u>	<u>389,657</u>
Net Cash Provided By Operating Activities	<u>\$ 493,608</u>	<u>\$ 38,139</u>	<u>\$ 531,747</u>

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

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# 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, 2011.

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, 2011 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 government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary 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 **law enforcement trust fund (LETF)** is used to account 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.

The **capital projects fund** is used to account for city-wide construction projects.

The City reports the following major proprietary funds:

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.

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.

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

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

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 sanitation and stormwater funds, are charges to customers for services.

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 the City's 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.

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. The City's investment in the State Board of Administration Investment Pool is divided into the Local Government Surplus Funds Trust Fund Investment Pool ("LGIP") and the Fund B Surplus Funds Trust Funds ("Fund B"). The LGIP is considered a SEC 2A-7-like fund, thus reported at its fair value of its position in the pool, which is the same as its value of the pool shares. The Fund B is accounted for as a fluctuating NAV pool. The fair value for September 30, 2011 was 0.75683860. The account balance in Fund B should be multiplied by the factor in order to calculate the fair value of the City's investment in Fund B.

### 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."

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

**E. Receivables and Payables (Continued)**

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, 2011 was 6.4710 mills (\$6.4710 per \$1,000 of taxable assessed valuation). In addition, for the year ended September 30, 2011, the City assessed a debt service levy millage rate of .4698 (\$0.4698 per \$1,000 of taxable assessed valuation).

**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. 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.

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

### 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.

### 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

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

### L. Long-Term Obligations (Continued)

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.

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 Balance-Governmental Funds

As of September 30, 2011, fund balances of the governmental funds are classified as follows:

***Non-spendable*** — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

***Restricted*** — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

***Committed*** — Amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

***Assigned*** — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City's adopted policy, only the City Council may assign amounts for specific purposes.

***Unassigned*** — All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

In fiscal year 2010, the City Council adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year end to be equal to 25% of the operating expenditures and transfers out budgeted for the General Fund in the subsequent year.

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

**M. Fund Balance-Governmental Funds (Continued)**

As of September 30, 2011, fund balances are composed of the following:

	General Fund	Major Special Revenue Fund Road & Transportation	Major Special Revenue Fund LETF	Major Special Revenue Fund Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Inventories	\$ 127,468	\$ -	\$ -	\$ -	\$ -	\$ 127,468
Deferred Charges	12,157	-	-	-	-	12,157
<b>Restricted for:</b>						
Law enforcement	-	-	887,500	-	-	887,500
Debt service	-	-	-	-	111,518	111,518
Transit & Transportation	-	933,965	-	-	-	933,965
<b>Committed to:</b>						
Hurricane contingency	500,000	-	-	-	-	500,000
Pool improvements	260,133	-	-	-	-	260,133
Community Center	53,636	-	-	-	-	53,636
Elderly services building	180,000	-	-	-	-	180,000
Downtown revitalization	136,735	-	-	-	-	136,735
Curtiss Mansion renovation	-	-	-	168,800	-	168,800
<b>Assigned to:</b>						
Elderly services	-	-	-	-	18,869	18,869
<b>Unassigned:</b>	3,633,650	-	-	-	-	3,633,650
<b>Total fund balances</b>	<b>\$ 4,903,779</b>	<b>\$ 933,965</b>	<b>\$ 887,500</b>	<b>\$ 168,800</b>	<b>\$ 130,387</b>	<b>\$ 7,024,431</b>

	General Fund	Major Special Revenue Fund Road & Transportation	Major Special Revenue Fund LETF	Major Special Revenue Fund Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund balances:</b>						
Nonspendable	\$ 139,625	\$ -	\$ -	\$ -	\$ -	\$ 139,625
Restricted	-	933,965	887,500	-	111,518	1,932,983
Committed	1,130,504	-	-	168,800	-	1,299,304
Assigned	-	-	-	-	18,869	18,869
Unassigned	3,633,650	-	-	-	-	3,633,650
<b>Total fund balances</b>	<b>\$ 4,903,779</b>	<b>\$ 933,965</b>	<b>\$ 887,500</b>	<b>\$ 168,800</b>	<b>\$ 130,387</b>	<b>\$ 7,024,431</b>

**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 assets 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. Employee Benefit Plans and Net Pension Asset/Obligation**

The City provides two separate defined benefit pension plans for its general employees and police officers. At September 30, 2011, the City recorded a net pension asset related to both plans in its government-wide statement of net assets. The net pension asset/obligations are functions of annual required contributions, interest, adjustments to the annual required contribution, annual pension costs and actual employers contributions made to the Plans. Please refer to Note 9 for further information.

### **P. Post Employment Benefits Other Than Pensions (OPEB)**

Pursuant to Section 112.0801, Florida Statutes, the City is mandated to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Retirees are required to pay 100% of the premium rates where premiums are determined based upon a blended rates used for active employees and retirees. These premium rates were adjusted to reflect differing utilization rates by age and gender and the impact of the Medicare program on claim costs. The blended rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

The City currently provides these benefits in accordance with the vesting and retirement requirement of the City of Miami Springs Retirement System and Elected Officials Retirement Plan covering substantially all elected officials, regular full time general, and police department employees of the City.

The City is financing the post employee benefits on a pay-as-you go basis. As determined by an actuarial valuation, the City records a Net OPEB obligation in its government-wide and proprietary financial statements related to the implicit subsidy. The OPEB plan does not issue separate financial statements.

## 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.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

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
Florida Department of Transportation	Grant Program Expenditures

For the fiscal year ended September 30, 2011, the City complied, in all material respects, with these revenue restrictions.

**Excesses of expenditures over appropriations**

For the year ended September 30, 2011 expenditures exceeded appropriations in the city attorney \$8,513, building and code \$31,705, public works-streets \$27,289, public works-properties \$13,430, public works-fleet maintenance \$50,473, recreation-parks maintenance \$9,228, recreation-golf administration \$545, and recreation-golf pro shop \$22,304. These over-expenditures were funded by greater than anticipated revenues in the general fund. The LETF fund's expenditures exceeded budget by \$15,348, this over-expenditure was funded from greater than expected revenues in the 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, 2011, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Certificates of Deposit	\$ 1,327,861	90
Suntrust NOW Account	501,095	1
TD Bank Money Market	501,779	1
State Board of Administration	<u>87,113*</u>	1
Total Fair Value	<u>\$ 2,417,848</u>	
Portfolio weighted average maturity		<u>90</u>
* Net of unrealized loss of \$27,986		

### 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At September 30, 2011, the City's investment in the State Pool (SBA) consisted of Fund B in the amount of \$87,113.

*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, 2011, the portfolio's weighted average maturity was 90 days. Due to the nature of the securities in Fund B, the interest rate risk information required by GASB 40 (i.e., weighted average days to maturity (WAM) of the LGIP, etc.) is not available. The weighted average life (WAL) of Fund B at September 30, 2011 was 4.82 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 prior 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.

At fiscal year-end, the City has no surplus fund invested in the LGIP. The LGIP was rated AAAM by Standard and Poor's as of September 30, 2011. 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, 2011, 55% 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 \$5,829,306. The bank balance of the City's deposits as of September 30, 2011 was \$5,975,752.

*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.

**3. DEPOSITS AND INVESTMENTS (CONTINUED)**

*Custodial credit risk (investments) (continued)*

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	\$ 6,403,520	Cash	\$ 7,855
Restricted assets:		Deposits	5,829,306
Cash and cash equivalents	<u>1,851,759</u>	Investments	<u>2,417,848</u>
	<u>\$ 8,255,009</u>		<u>\$8,255,009</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>Capital Projects</u>	<u>Other Governmental</u>	<u>Total Receivables</u>
Governmental activities					
Accounts	\$ 67,582	\$ -	\$ -	\$ -	\$ 67,582
Taxes	608,055	91,540	-	6,822	706,417
Other	63,276	-	223,146	37,324	323,746
Gross receivables	<u>738,913</u>	<u>91,540</u>	<u>223,146</u>	<u>44,146</u>	<u>1,097,745</u>
Less: Allowance for Uncollectibles	(46,816)	-	-	-	(46,816)
Net total receivables	<u>\$ 692,097</u>	<u>\$ 91,540</u>	<u>\$ 223,146</u>	<u>\$ 44,146</u>	<u>\$ 1,050,929</u>

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

	<u>Sanitation</u>	<u>Stormwater</u>	<u>Totals</u>
Accounts	\$250,236	\$ 44,269	\$294,505
Less: Allowance for Un-collectibles	<u>(210,876)</u>	<u>(20,567)</u>	<u>(231,443)</u>
Net total receivables	<u>\$39,360</u>	<u>\$ 23,702</u>	<u>\$63,062</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, 2011, *unearned revenue* in the governmental funds amounted to \$75,333 representing FY 2011-12 occupational licenses that were paid in advance.

#### 4. RECEIVABLES AND PAYABLES (CONTINUED)

Revenues of the Sanitation and Stormwater funds are reported net of uncollectible amounts. The allowance for uncollectibles was adjusted against current revenues. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to solid waste fees	\$210,876
Uncollectibles related to stormwater fees	<u>20,567</u>
Total uncollectibles of the current fiscal year	<u>\$231,443</u>

Payables at September 30, 2011 were as follows:

	<u>Vendors</u>
Governmental activities:	
General	\$ 216,497
Road & Transportation	17,138
Capital Projects	288,168
Nonmajor funds	<u>13,905</u>
Total governmental activities	<u>\$ 535,708</u>
Business-type activities:	
Sanitation	24,810
Stormwater	<u>7</u>
Total business-type activities	<u>\$ 24,817</u>

#### 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2011 was as follows:

	<u>Balance</u>				<u>Balance</u>
	<u>October 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers*</u>	<u>September</u>
					<u>30, 2011</u>
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 3,085,904	\$ -	\$ -	\$ -	\$ 3,085,904
Construction in progress	<u>3,873,048</u>	<u>1,539,545</u>	<u>-</u>	<u>(2,048,905)</u>	<u>3,363,688</u>
Total capital assets not being depreciated	<u>6,958,952</u>	<u>1,539,545</u>	<u>-</u>	<u>(2,048,905)</u>	<u>6,449,592</u>
Capital assets being depreciated:					
Building	12,966,456	-	-	-	12,966,456
Infrastructure	15,472,730	-	-	959,942	16,432,672
Improvements other than buildings	3,402,540	-	-	-	3,402,540
Machinery and equipment	<u>5,803,220</u>	<u>460,259</u>	<u>-</u>	<u>1,088,963</u>	<u>7,352,442</u>
Total capital assets being depreciated	<u>37,644,946</u>	<u>460,259</u>	<u>-</u>	<u>2,048,905</u>	<u>40,154,110</u>
Less accumulated depreciation for:					
Building	(3,131,441)	(203,617)	-	-	(3,335,058)
Infrastructure	(11,822,087)	(395,717)	-	-	(12,217,804)
Improvements other than buildings	(1,779,339)	(156,449)	-	-	(1,935,788)
Machinery and equipment	<u>(3,847,865)</u>	<u>(519,450)</u>	<u>-</u>	<u>-</u>	<u>(4,367,315)</u>
Total accumulated depreciation	<u>(20,580,732)</u>	<u>(1,275,233)</u>	<u>-</u>	<u>-</u>	<u>(21,855,965)</u>
Total capital assets being depreciated, net	<u>17,064,214</u>	<u>(814,974)</u>	<u>-</u>	<u>2,048,905</u>	<u>18,298,145</u>
Governmental activities capital assets, net	<u>\$ 24,023,166</u>	<u>\$ 724,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,747,737</u>

## 5. CAPITAL ASSETS (CONTINUED)

	Balance October 1, 2010	Additions	Disposal and Transfers*	Balance September 30, 2011
Business-type activities				
Capital assets not being depreciated:				
Construction in progress	\$ 317,408	\$ -	\$ (317,408)	\$ -
Total capital assets not being depreciated	<u>317,408</u>	<u>-</u>	<u>(317,408)</u>	<u>-</u>
Capital assets being depreciated:				
Infrastructure & Improvements	\$4,159,134	-	189,408	\$4,348,542
Machinery and equipment	<u>1,673,606</u>	<u>-</u>	<u>-</u>	<u>1,673,606</u>
Total capital assets being depreciated	<u>5,832,740</u>	<u>-</u>	<u>189,408</u>	<u>6,022,148</u>
Less accumulated depreciation for:				
Infrastructure & Improvements	(1,664,688)	(141,021)	-	(1,805,709)
Machinery and equipment	<u>(1,010,281)</u>	<u>(55,905)</u>	<u>-</u>	<u>(1,066,186)</u>
Total accumulated depreciation	<u>(2,674,969)</u>	<u>(196,926)</u>	<u>-</u>	<u>(2,871,895)</u>
Total capital assets being depreciated, net	<u>3,157,771</u>	<u>(196,926)</u>	<u>189,408</u>	<u>3,150,253</u>
Business activities capital assets, net	<u>\$ 3,475,179</u>	<u>\$ (196,926)</u>	<u>\$ (128,000)</u>	<u>\$ 3,150,253</u>

\*Transfers of \$2,048,905 governmental activities represent the completion of the new golf course irrigation system and the completion of the two bike path projects.

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

General government	\$ 171,273
Public Safety	203,276
Public works	482,143
Recreation and social services	410,680
Economic and community development	<u>7,861</u>
Total depreciation expense – governmental activities	<u>\$1,275,233</u>
Business- type activities	
Sanitation	55,905
Stormwater	<u>141,021</u>
Total depreciation expense – business- type activities	<u>\$ 196,926</u>

## 6. LONG-TERM DEBT

### 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

**6. LONG-TERM DEBT (CONTINUED)**

**Miami-Dade County Loan Payable (Continued)**

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, 2011, the rate was 0.916% and the outstanding balance was \$207,288.

**Capital Improvement Refunding Revenue Note-Series 2010**

On September 2, 2010, the City issued the Capital Improvement Refunding Revenue Note Series 2010 in an amount of \$2,435,812 with Suntrust Bank. The proceeds were used to refund the \$2.5 Million Capital Improvement Revenue Note (series 2008) with SunTrust Bank. The refunding note has a fixed interest rate of 3.81%, is payable in monthly installments of \$15,616 and matures on September 30, 2028. The refunding note is payable solely from and secured by the City's ½ cent sales tax revenues. The City achieved a cash flow difference and an economic gain of approximately \$390,000 as a result of the refunding. The balance at September 30, 2011 was \$2,339,279.

**Sales Tax Revenue Refunding Note-Series 2010**

On November 29, 2010, the City issued the Sales Tax Revenue Refunding Note Series 2010 in an amount of \$2,610,000 with Branch Banking and Trust (BB&T). The proceeds were used to refund the \$5,000,000 of General Obligation Bonds, Series 1997. The refunding note has a fixed interest rate of 2.35% and matures on February 1, 2018. The refunding note is payable solely from and secured by the City's ½ cent sales tax revenues. The City achieved a cash flow difference and an economic gain of approximately \$327,000 as a result of the refunding. The balance at September 30, 2011 was \$2,344,430.

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

	<u>Series 2010 Capital Improvement Refunding Note</u>		<u>Series 2010 Sales Tax Revenue Refunding Note</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	98,484	88,917	311,774	51,431	410,258	140,348
2013	102,604	84,796	319,188	44,017	421,793	128,813
2014	106,639	80,762	326,778	36,427	433,417	117,189
2015	110,832	76,569	334,549	28,656	445,381	105,225
2016	114,987	72,413	342,504	20,701	457,492	93,114
2017-2021	647,359	289,644	709,636	16,774	1,356,995	306,418
2022-2026	785,103	151,900	-	-	785,103	151,900
2027-2031	<u>373,271</u>	<u>15,867</u>	<u>-</u>	<u>-</u>	<u>373,271</u>	<u>15,867</u>
Total, net	<u>\$2,339,279</u>	<u>\$860,869</u>	<u>\$2,344,430</u>	<u>\$198,006</u>	<u>\$4,683,709</u>	<u>\$1,058,875</u>

At September 30, 2011 and for the period then ended, the City had complied with the provisions of its bond indenture agreements.

## 7. LONG-TERM DEBT (CONTINUED)

Long-term debt activity for the year ended September 30, 2011 was as follows:

	October 1, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	September 30, <u>2011</u>	Due within <u>One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 2,610,000	\$ -	\$(2,610,000)	\$ -	\$ -
Sales Tax Revenue Refunding Note	-	2,610,000	(265,570)	2,344,430	311,774
Capital Improvement Revenue Notes	81,324	-	(81,324)	-	-
Capital Improvement Refunding Revenue Note	2,435,812	-	(96,533)	2,339,279	98,484
Capital leases	<u>84,944</u>	-	<u>(31,812)</u>	<u>53,132</u>	<u>17,340</u>
Total bonds and notes payable	<u>5,212,080</u>	<u>2,610,000</u>	<u>(3,085,239)</u>	<u>4,736,841</u>	<u>427,598</u>
Other liabilities:					
Compensated absences	<u>1,504,877</u>	<u>641,437</u>	<u>(583,501)</u>	<u>1,562,812</u>	<u>981,505</u>
Governmental activity long-term liabilities	<u>\$ 6,716,957</u>	<u>\$3,251,437</u>	<u>\$(3,668,740)</u>	<u>\$ 6,299,653</u>	<u>\$ 1,409,103</u>
<b>Business-type activities</b>					
Bonds and notes payable:					
Capital leases	288,557	-	(64,138)	224,417	65,232
Note payable Miami-Dade County	<u>248,746</u>	-	<u>(41,458)</u>	<u>207,288</u>	<u>41,456</u>
Total bonds and notes payable	<u>537,303</u>	-	<u>(105,596)</u>	<u>431,506</u>	<u>106,688</u>
Other liabilities:					
Compensated absences	<u>111,703</u>	<u>58,285</u>	<u>(52,432)</u>	<u>117,556</u>	<u>67,650</u>
Business-type activities Long-term liabilities	<u>\$ 649,006</u>	<u>\$ 58,285</u>	<u>\$ (158,028)</u>	<u>\$ 549,062</u>	<u>\$ 174,338</u>

## 7. LEASES

### Capital Leases

The City has entered into a lease agreement, with a local financial institution, as lessee for financing the acquisition of machinery & equipment for city-wide use. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has 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 \$416,647. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2011, were as follows:

	Year ending <u>September 30,</u>
2012	\$ 82,572
2013	85,041
2014	87,635
2015	<u>22,302</u>
Total minimum lease payments	277,550
Less: amount representing interest	
Interest at 2.95% APR	<u>(14,573)</u>
Present value of minimum Lease payments	<u>\$ 262,977</u>

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

	Governmental <u>Activities</u>
Machinery and equipment	416,647
Less: Accumulated depreciation	<u>(92,926)</u>
	<u>\$ 323,721</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 \$65,652 for the fiscal year ended September 30, 2011. The City also leases office equipment and office space under non-cancelable operating leases. Total costs for such leases were \$32,257 for the fiscal year ended September 30, 2011.

The future minimum lease payments are as follows:

	Year ending <u>September 30,</u>	
2012		\$ 97,780
2013		74,520
2014		<u>26,474</u>
Total		<u>\$ 198,774</u>

**8. INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended September 30, 2011 are as follows:

	Transfers <u>In**</u>	Transfers <u>Out**</u>
General	\$412,563	\$914,483
Transportation	-	130,251
Hurricane	49,224	412,563
Capital Projects	556,028	-
Non-major governmental	<u>439,482</u>	<u>-</u>
	<u>\$1,457,297</u>	<u>\$1,457,297</u>

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

- Operating subsidies from the General fund of \$132,564 to the Senior Center and \$475,000 the Capital Projects Fund to complete the renovation of the Curtis mansion project. Transfers out also include \$306,919 in transfers to the Debt Service Fund to cover debt service payments.
- Operating subsidy to the Capital Projects Fund of \$81,028 to fund the matching requirement of the grant for the bike path lighting project, and a \$49,223 transfer to the Hurricane Fund to cover the FEMA project closeout reimbursement paid by the city.
- \$412,563 was transferred from the Hurricane fund to the General Fund representing leftover funds in the Hurricane Fund after the project closeouts on Wilma and Katrina.

**9. 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

**9. EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**(1) Plan Description (Continued)**

supplementary information for that plan. Those reports may be obtained by writing the City of Miami Springs, 201 Westward Drive, Miami Springs, Florida 33166.

**(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, 2011 was approximately \$3,731,068. 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<sup>st</sup>.

**(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, 2011 was as follows:

Annual required contribution	\$(212,519)
Interest on net pension asset	5,123
Adjustment to annual required contribution	<u>(10,294)</u>
Annual pension cost	(217,690)
Contributions made	<u>212,519</u>
Decrease in net pension asset	(5,171)
Net pension asset, beginning of year	<u>64,850</u>
Net pension asset, end of year	<u>\$ 59,679</u>

The annual required contribution for the current year was determined based on an October 1, 2010 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 7.8% a year compounded annually, (ii) projected salary increases ranging from 4% to 8%. Both (i) and (ii) include an inflation component of 3%. The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. The

9. **EMPLOYEE RETIREMENT PLANS (CONTINUED)**

**(3) Annual Pension Cost and Net Pension Asset (Continued)**

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.

<u>Three-Year Trend Information</u>			
Fiscal Year	Annual Pension	% of Annual	Net Pension
<u>Ended</u>	<u>Cost (APC)</u>	Pension Cost	<u>Asset</u>
		<u>(APC)</u>	
9/30/09	192,780	106.2	69,580
9/30/10	182,086	97.4	64,850
9/30/11	217,690	97.6	59,679

**Police & Firefighters**

The City's Annual Pension Cost and net pension asset to the Police & Firefighters' Plan for the years ended September 30, 2011 were as follows:

Annual required contribution	\$(361,528)
Interest on net pension asset	6,201
Adjustment to annual required contribution	<u>(13,192)</u>
Annual pension cost	(368,519)
Contributions made	<u>357,383</u>
Decrease in net pension asset	(11,136)
Net pension asset, beginning of year	<u>78,493</u>
Net pension asset, end of year	<u>\$ 67,357</u>

The annual required contribution for the current year was determined based on an October 1, 2009 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 7.8% a year compounded annually, (ii) projected salary increases ranging from 5% to 10%. Both (i) and (ii) include an inflation component of 3%. 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.

<u>Three-Year Trend Information</u>			
Fiscal Year	Annual Pension	% of Annual	Net Pension
<u>Ended</u>	<u>Cost (APC)</u>	Pension Cost	<u>Asset</u>
		<u>(APC)</u>	
9/30/09	348,618	101.7	84,802
9/30/10	358,184	98.2	78,493
9/30/11	368,519	97.0	67,357

## 9. EM-PLOYEE RETIREMENT PLANS (CONTINUED)

### (4) Funded Status and Funding Progress

The funded status of the Plans as of October 1, 2010 the most recent actuarial valuation date is as follows:

General Employees' Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL As % of Covered Payroll
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	((b)-(a))/(c)
10/1/10	14,132,944	14,515,197	382,253	97.4	3,731,068	10.2

Police & Firefighters' Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL As % of Covered Payroll
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	((b)-(a))/(c)
10/1/10	22,837,385	23,790,041	952,656	96.0	3,044,657	31.3

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:

	General Employees	Police & Firefighters' Plan
Valuation date	October 1, 2010	October 1, 2010
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar	Level Dollar
Remaining amortization period	30 Years	30 Years
Asset valuation method	5 Year Smoothed Market	5 Year Smoothed Market
Actuarial assumptions:		
Investment rate of return	7.80%	7.80%
Projected salary increases	4.0%-8% based on service	5.0%-10% based on service
Inflation	3.00%	3.00%
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.

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.

## **9. EMPLOYEE RETIREMENT PLANS (CONTINUED)**

### **(5) DROP Plan (Continued)**

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, 2011, 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 \$59,931 for the year ended September 30, 2011.

## **10. 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.

**10. 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.

**11. 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 (DC) 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

**11. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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.

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, 2010.

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 (October 1, 2010) premium contributions required to be paid by retirees for continued coverage.

<b>Premiums Paid by Retirees* as of October 1, 2010</b>		
<b>Plan</b>	<b>Retiree Only</b>	<b>Retiree and Spouse</b>
HMO	\$444.69	\$987.24
POS	\$466.10	\$1,034.79

\*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 2011, the City contributed \$49,367 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.

**11. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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.

The City's annual OPEB cost for the fiscal year ended 2011, the fourth year of implementation of GASB Statement 45, and the related information for each plan are as follows:

Annual required contribution	\$ 149,003
Interest on net OPEB obligation	12,895
Adjustment to annual required contribution	<u>(10,911)</u>
Annual OPEB cost	150,987
Contributions made	49,367
Increase in net OPEB obligation	<u>101,620</u>
Net OPEB obligation—beginning of year	286,560
Net OPEB obligation—end of year	<u>\$388,180</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 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2009	\$156,994	45.04%	\$177,581
09/30/2010	\$145,699	25.20%	\$286,560
09/30/2011	\$150,987	32.70%	\$388,180

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, 2011.

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
10/1/2006	\$ 0	\$1,483,425	\$1,483,425	0%	\$6,301,839	23.54%
10/1/2009	\$ 0	\$1,493,954	\$1,493,954	0%	\$6,283,252	23.78%

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

**11. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)**

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

Actuarial valuation date	10/01/2009
Amortization method	Level percent, closed
Remaining amortization period	27 years
Actuarial assumptions:	
Discount rate	4.50%
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 2011 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.

**12. 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.

**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 October 26, 2010, the City re-awarded its 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 ending January 9, 2016, and is not subject to any option or automatic renewal. During the years that the city operated the food & beverage operation, the losses were significant. In an effort to reduce these losses, the city entered into this agreement which removes the risk of further losses to the city and transferred it to an outside private entity.

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

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# CITY OF MIAMI SPRINGS, FLORIDA

## BUDGETARY COMPARISON SCHEDULE

### GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes and franchise fees	\$ 6,528,291	\$ 6,528,291	\$ 6,467,495	\$ (60,796)
Charges for services	1,580,264	1,620,264	1,908,461	288,197
Public service taxes	1,755,000	1,755,000	1,718,279	(36,721)
Intergovernmental	1,658,328	1,658,328	1,765,826	107,498
Licenses and permits	513,900	513,900	640,987	127,087
Fines and forfeitures	176,000	176,000	209,200	33,200
Investment income	79,000	79,000	21,126	(57,874)
Miscellaneous	258,100	260,140	184,116	(76,024)
Total revenues	12,548,883	12,590,923	12,915,490	324,567
<b>Expenditures:</b>				
General government:				
Council	108,966	132,966	107,219	25,747
City Clerk	356,668	358,959	332,381	26,578
City Manager	649,313	854,497	756,070	98,427
City Attorney	136,000	136,000	144,513	(8,513)
Human Resources	210,212	214,919	202,620	12,299
Planning	176,697	198,150	160,512	37,638
Finance	725,013	725,797	698,878	26,919
Information Technology	345,464	364,800	355,102	9,698
Other-unclassified	-	3,600	17	3,583
Total general government	2,708,333	2,989,688	2,757,312	232,376
Public safety:				
Police	5,382,865	5,402,597	5,352,455	50,142
Building & Code Enforcement	465,390	506,155	537,860	(31,705)
Total public safety	5,848,255	5,908,752	5,890,315	18,437
Public works:				
Administration	433,438	443,373	435,350	8,023
Streets & sidewalks	295,023	283,574	310,863	(27,289)
Properties	930,628	947,060	960,490	(13,430)
Building maintenance	195,237	338,506	193,795	144,711
Fleet maintenance	29,182	28,980	79,453	(50,473)
Total public works	1,883,508	2,041,493	1,979,951	61,542
Recreation:				
Administration	1,121,156	1,473,231	1,373,297	99,934
Aquatics	290,027	293,027	260,423	32,604
Tennis	39,876	39,876	31,698	8,178
Park maintenance	117,187	124,511	133,739	(9,228)
Golf Administration	23,525	23,525	24,070	(545)
Golf Pro Shop	501,133	511,901	534,205	(22,304)
Golf Maintenance	873,639	957,220	824,689	132,531
Total recreation	2,966,543	3,423,291	3,182,121	241,170
Total expenditures	13,406,639	14,363,224	13,809,699	553,525
Continued				

**CITY OF MIAMI SPRINGS, FLORIDA**

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive/(Negative)</u>
Excess(deficiency) of revenues over (under) expenditures	<u>(857,756)</u>	<u>(1,772,301)</u>	<u>(894,209)</u>	<u>(228,958)</u>
Other financing sources (uses):				
Transfers in	746,563	746,563	412,563	(334,000)
Transfers out	<u>(384,056)</u>	<u>(855,456)</u>	<u>(914,483)</u>	<u>(59,027)</u>
Total other financing sources	<u>362,507</u>	<u>(108,893)</u>	<u>(501,920)</u>	<u>(393,027)</u>
Net change in fund balance	(495,249)	(1,881,194)	(1,396,129)	485,065
Fund balances, October 1	<u>6,299,906</u>	<u>6,299,906</u>	<u>6,299,906</u>	-
Fund balances, September 30	<u>\$ 5,804,657</u>	<u>\$ 4,418,712</u>	<u>\$ 4,903,777</u>	<u>\$ 485,065</u>

**CITY OF MIAMI SPRINGS, FLORIDA**

BUDGETARY COMPARISON SCHEDULE

ROAD AND TRANSPORTATION FUND AND CAPITAL PROJECTS FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<b>Road and Transportation Fund</b>				<b>Capital Projects Fund</b>			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/(Negative)	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:								
Intergovernmental	\$ 384,664	\$ 384,664	\$ 418,043	\$ 33,379	\$ -	\$ 1,334,719	\$ 1,143,559	\$ (191,160)
Interest revenue	-	1,000	526	(474)	-	-	-	-
Charges for services	-	-	12,983	12,983	-	-	-	-
Total revenues	<u>384,664</u>	<u>385,664</u>	<u>431,552</u>	<u>45,888</u>	<u>-</u>	<u>1,334,719</u>	<u>1,143,559</u>	<u>(191,160)</u>
Expenditures:								
Current:								
Public works	611,712	904,517	730,824	173,693	-	23,669	23,669	-
Economic and community development			-	-	-	22,317	22,317	-
Capital outlay:								
Public works	-	94,789	58,436	36,353	-	165,008	165,008	-
Economic and community development	-	-	-	-	-	1,679,753	1,319,792	359,961
Total expenditures	<u>611,712</u>	<u>999,306</u>	<u>789,260</u>	<u>210,046</u>	<u>-</u>	<u>1,890,747</u>	<u>1,530,786</u>	<u>359,961</u>
Excess (deficiency) of revenues over expenditures before other financing (uses) sources	<u>(227,048)</u>	<u>(613,642)</u>	<u>(357,708)</u>	<u>255,934</u>	<u>-</u>	<u>(556,028)</u>	<u>(387,227)</u>	<u>168,801</u>
Other financing sources (uses)								
Transfers in	-	-	-	-	-	556,028	556,028	-
Transfers out	<u>(1,561,626)</u>	<u>(1,561,626)</u>	<u>(130,251)</u>	<u>1,362,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,561,626)</u>	<u>(1,561,626)</u>	<u>(130,251)</u>	<u>1,362,986</u>	<u>-</u>	<u>556,028</u>	<u>556,028</u>	<u>-</u>
Net change in fund balance	<u>(1,788,674)</u>	<u>(2,175,268)</u>	<u>(487,959)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,801</u>	<u>168,801</u>
Fund balances, October 1	<u>1,421,924</u>	<u>1,421,924</u>	<u>1,421,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, September 30	<u>\$ (366,750)</u>	<u>\$ (753,344)</u>	<u>\$ 933,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,801</u>	<u>\$ 168,801</u>
			0					

**CITY OF MIAMI SPRINGS, FLORIDA**

BUDGETARY COMPARISON SCHEDULE

LETF FUND

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive/(Negative)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 23,352	\$ 23,352
Investment income	10,000	10,000	5,004	(4,996)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>28,356</u>	<u>18,356</u>
Expenditures:				
Public safety	114,920	140,986	83,430	57,556
Capital outlay	-	-	72,904	(72,904)
Total expenditures	<u>114,920</u>	<u>140,986</u>	<u>156,334</u>	<u>(15,348)</u>
Excess(deficiency) of revenues over expenditures	<u>(104,920)</u>	<u>(130,986)</u>	<u>(127,978)</u>	<u>3,008</u>
Net change in fund balance	(104,920)	(130,986)	(127,978)	3,008
Fund balances, October 1	<u>1,015,478</u>	<u>1,015,478</u>	<u>1,015,478</u>	-
Fund balances, September 30	<u>\$ 910,558</u>	<u>\$ 884,492</u>	<u>\$ 887,500</u>	<u>\$ 3,008</u>

**CITY OF MIAMI SPRINGS, FLORIDA**  
NOTE TO BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED SEPTEMBER 30, 2011

**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 Law Enforcement Trust, Senior Center 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 \$1,427,988 for the fiscal year ended September 30, 2011 and consist primarily of the roll-forward of encumbrances from FY 2010, increases in transfers to other funds, and other miscellaneous appropriations for new equipment and citywide renovations.

For the year ended September 30, 2011 expenditures exceeded appropriations in the city attorney \$8,513, building and code \$31,705, public works-streets \$27,289, public works-properties \$13,430, public works-fleet maintenance \$50,473, recreation-parks maintenance \$9,228, recreation-golf administration \$545, and recreation-golf pro shop \$22,304. These over-expenditures were funded by greater than anticipated revenues in the general fund. The LETF fund's expenditures exceeded budget by \$15,348, this over-expenditure was funded from greater than expected revenues in the 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)	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL As % of Covered Payroll
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	((b)-(a))/(c)
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)
10/1/08	13,945,299	12,736,662	(1,208,637)	109.5	3,429,028	(35.2)
10/1/09	13,736,039	13,708,780	(27,259)	100.2	3,495,598	(0.8)
10/1/10	14,132,944	14,515,197	382,253	97.4	3,731,068	10.2

Police & Firefighters' Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL As % of Covered Payroll
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	((b)-(a))/(c)
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)
10/1/08	22,226,151	21,056,209	(1,169,942)	105.6	2,603,398	(44.9)
10/1/09	22,168,677	22,294,846	126,169	99.4	2,802,601	4.5
10/1/10	22,837,385	23,790,041	952,656	96.0	3,044,657	31.3

**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>
9/30/05	79,730	93.1
9/30/06	125,237	101.4
9/30/07	194,946	104.5
9/30/08	189,174	105.0
9/30/09	177,356	100.0
9/30/10	212,519	100.0

Police & Firefighters' Pension Fund:

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
9/30/05	61,673	102.7
9/30/06	144,756	112.1
9/30/07	337,176	101.9
9/30/08	343,008	103.4
9/30/09	351,875	100.0
9/30/10	361,528	98.9

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# **COMBINING FINANCIAL STATEMENTS**

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## NONMAJOR GOVERNMENTAL FUNDS

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### 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.

**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.

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

### Debt Service Fund

**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 debt which are payable from non-ad valorem taxes.

**CITY OF MIAMI SPRINGS, FLORIDA**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2011

	Special Revenue Funds			Debt Service	Total Nonmajor Governmental Funds
	Senior Center	Hurricane Fund	Total	Debt Service	
<u>ASSETS</u>					
Cash and equity in pooled cash and investments	\$ 409	\$ -	\$ 409	\$ -	\$ 409
Accounts receivable - net	37,324	-	37,324	6,822	44,146
Restricted assets:					
Cash and equity in pooled cash and investments	-	-	-	104,696	104,696
Total assets	<u>\$ 37,733</u>	<u>\$ -</u>	<u>\$ 37,733</u>	<u>\$ 111,518</u>	<u>\$ 149,251</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 13,905	\$ -	\$ 13,905	\$ -	\$ 13,905
Accrued payroll	4,959	-	4,959	-	4,959
Total liabilities	<u>18,864</u>	<u>-</u>	<u>18,864</u>	<u>-</u>	<u>18,864</u>
<u>FUND BALANCES</u>					
Restricted	-	-	-	111,518	111,518
Assigned	<u>18,869</u>	<u>-</u>	<u>18,869</u>	<u>-</u>	<u>18,869</u>
Total fund balances	<u>18,869</u>	<u>-</u>	<u>18,869</u>	<u>111,518</u>	<u>130,387</u>
Total liabilities and fund balances	<u>\$ 37,733</u>	<u>\$ -</u>	<u>\$ 37,733</u>	<u>\$ 111,518</u>	<u>\$ 149,251</u>
	-	-	-	-	-

**CITY OF MIAMI SPRINGS, FLORIDA**

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue Funds			Debt Service	Total Nonmajor Governmental Funds
	Senior Center	Hurricane Fund	Total	Debt Service	
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ -	\$ 382,947	\$ 382,947
Charges for services	14,775	-	14,775	-	14,775
Intergovernmental	258,079	-	258,079	-	258,079
Miscellaneous	3,242	412,563	415,805	-	415,805
<b>Total revenues</b>	<b>276,096</b>	<b>412,563</b>	<b>688,659</b>	<b>382,947</b>	<b>1,071,606</b>
<b>Expenditures:</b>					
Current:					
Recreation and social services	345,278	-	345,278	-	345,278
Economic and community development	-	49,224	49,224	-	49,224
Debt service:					
Principal retirement	-	-	-	3,086,304	3,086,304
Interest and fiscal charges	-	-	-	202,475	202,475
Capital outlay:					
Recreation and social services	63,384	-	63,384	-	63,384
<b>Total expenditures</b>	<b>408,662</b>	<b>49,224</b>	<b>457,886</b>	<b>3,288,779</b>	<b>3,746,665</b>
Excess (deficiency) of revenues over expenditures before other financing (uses) sources	(132,566)	363,339	230,773	(2,905,832)	(2,675,059)
<b>Other financing sources</b>					
Issuance of debt	-	-	-	2,610,000	2,610,000
Transfers out	-	(412,563)	(412,563)	-	(412,563)
Transfers in	132,564	49,224	181,788	306,919	488,707
<b>Total other financing sources</b>	<b>132,564</b>	<b>(363,339)</b>	<b>(230,775)</b>	<b>2,916,919</b>	<b>2,686,144</b>
<b>Net change in fund balance</b>	<b>(2)</b>	<b>-</b>	<b>(2)</b>	<b>11,087</b>	<b>11,085</b>
Fund balances, October 1	18,871	-	18,871	100,431	119,302
Fund balances, September 30	\$ 18,869	\$ -	\$ 18,869	\$ 111,518	\$ 130,387

**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, 2011

	<b>Debt Service Fund</b>			
	<u>Budgeted Amounts</u>			Variance
				with Final
				Budget
				Positive
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	(Negative)
Revenues:				
Taxes	\$ 402,657	\$ 402,657	\$ 382,947	\$ (19,710)
Total revenues	<u>402,657</u>	<u>402,657</u>	<u>382,947</u>	<u>(19,710)</u>
Expenditures:				
Debt service:				
Principal retirement	476,304	476,304	3,086,304	(2,610,000)
Interest and fiscal charges	<u>233,272</u>	<u>233,272</u>	<u>202,475</u>	<u>30,797</u>
Total expenditures	<u>709,576</u>	<u>709,576</u>	<u>3,288,779</u>	<u>(2,579,203)</u>
Other financing (uses) sources				
Issuance of debt	-	-	2,610,000	(2,610,000)
Transfers in	<u>306,919</u>	<u>306,919</u>	<u>306,919</u>	<u>-</u>
Total other financing (uses) sources	<u>306,919</u>	<u>306,919</u>	<u>2,916,919</u>	<u>(2,610,000)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>11,087</u>	<u>11,087</u>
Fund balances, October 1	<u>100,431</u>	<u>100,431</u>	<u>100,431</u>	<u>-</u>
Fund balances, September 30	<u>\$ 100,431</u>	<u>\$ 100,431</u>	<u>\$ 111,518</u>	<u>\$ 11,087</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, 2011

	<b>Senior Center Fund</b>				
	<b>Budgeted Amounts</b>		<b>Actual</b>		<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>		<b>Final Budget</b>
					<b>Positive</b>
					<b>(Negative)</b>
Revenues:					
Charges for services	\$ 20,295	\$ 20,295	\$ 14,775		\$ (5,520)
Grant revenues	293,143	293,143	258,079		(35,064)
Miscellaneous	2,600	2,600	3,242		642
Total revenues	<u>316,038</u>	<u>316,038</u>	<u>276,096</u>		<u>(39,942)</u>
Expenditures:					
Current:					
Recreation and social services	380,292	380,292	345,278		35,014
Capital outlay:					
Recreation and social services	99,293	99,293	63,384		35,909
Total expenditures	<u>479,585</u>	<u>479,585</u>	<u>408,662</u>		<u>70,923</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(163,547)</u>	<u>(163,547)</u>	<u>(132,566)</u>		<u>30,981</u>
Other financing sources (uses)					
Transfers in	163,544	163,544	132,564		(30,980)
Total other financing sources (uses)	<u>163,544</u>	<u>163,544</u>	<u>132,564</u>		<u>(30,980)</u>
Net change in fund balance	<u>(3)</u>	<u>(3)</u>	<u>(2)</u>		<u>1</u>
Fund balances, October 1	<u>18,871</u>	<u>18,871</u>	<u>18,871</u>		<u>-</u>
Fund balances, September 30	<u>\$ 18,868</u>	<u>\$ 18,868</u>	<u>\$ 18,869</u>	<u>0</u>	<u>\$ 1</u>

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**STATISTICAL SECTION  
(SUPPLEMENTAL DATA)**

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**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.

**Contents**

**Page**

<b>Financial Trends</b>	<b>64-68</b>
<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>	
<b>Revenue Capacity</b>	<b>69-73</b>
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
<b>Debt Capacity</b>	<b>74-78</b>
<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>	
<b>Demographic and Economic Information</b>	<b>79-80</b>
<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>	
<b>Operating Information</b>	<b>81-83</b>
<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								
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities									
Invested in capital assets, net of related debt	\$ 5,759	\$ 10,628	\$ 11,878	\$ 11,937	\$ 11,720	\$ 11,658	\$ 11,678	\$ 18,811	\$ 20,011
Restricted	2,754	2,198	1,920	2,297	2,703	2,859	5,082	2,557	2,121
Unrestricted	<u>944</u>	<u>3,095</u>	<u>2,775</u>	<u>3,468</u>	<u>5,093</u>	<u>6,433</u>	<u>6,918</u>	<u>4,686</u>	<u>3,080</u>
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>	<u>\$ 23,678</u>	<u>\$ 26,054</u>	<u>\$ 25,211</u>
Business-type activities									
Invested in capital assets, net of related debt	\$ 7,740	\$ 2,948	\$ 3,167	\$ 4,626	\$ 4,464	\$ 2,771	\$ 2,989	\$ 2,938	\$ 2,943
Unrestricted	<u>(103)</u>	<u>411</u>	<u>237</u>	<u>679</u>	<u>1,672</u>	<u>1,749</u>	<u>890</u>	<u>948</u>	<u>1,076</u>
Total business-type activities net assets	<u>\$ 7,637</u>	<u>\$ 3,359</u>	<u>\$ 3,404</u>	<u>\$ 5,305</u>	<u>\$ 6,136</u>	<u>\$ 4,520</u>	<u>\$ 3,879</u>	<u>\$ 3,886</u>	<u>\$ 4,019</u>
Primary government									
Invested in capital assets, net of related debt	\$ 13,499	\$ 13,576	\$ 15,045	\$ 16,564	\$ 16,184	\$ 14,429	\$ 14,668	\$ 21,749	\$ 22,954
Restricted	2,754	2,198	1,920	2,297	2,703	2,859	5,082	2,557	2,121
Unrestricted	<u>841</u>	<u>3,506</u>	<u>3,012</u>	<u>4,147</u>	<u>6,765</u>	<u>8,182</u>	<u>7,808</u>	<u>5,634</u>	<u>4,156</u>
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>	<u>\$ 27,558</u>	<u>\$ 29,940</u>	<u>\$ 29,231</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)**

<b>Fiscal Year</b>	<b>Ad-Valorem Taxes General Purpose</b>	<b>Ad-Valorem Taxes Debt Service</b>	<b>Local Option Gas Tax</b>	<b>Enhanced Transportation Tax(2)</b>	<b>State Revenue Sharing Tax</b>	<b>Motor Fuel Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Half Cent Sales tax</b>	<b>Utility Tax</b>	<b>Franchise tax</b>	<b>Total</b>
2002	4,896	411	424	-	180	122	12	798	674	1,651	9,168
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	12,122
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
2009	6,710	398	362	394	321	64	9	776	1,818	990	11,842
2010	5,733	400	343	396	362	-	10	743	1,784	902	10,673
2011	5,577	383	370	418	369	-	9	827	1,718	891	10,562
(1) Information for fiscal years ending September 30, 1995-2002 are unavailable in this format since the City implemented <i>Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments</i> .											
(2) FY 2003 was the first year for this tax source.											

**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	2009	2010	2011	
<b>EXPENSES</b>										
Governmental activities:										
General government	\$ 1,978	\$ 2,277	\$ 2,428	\$ 2,658	\$ 2,667	\$ 2,561	\$ 2,670	\$ 2,442	\$ 2,918	
Public safety	4,384	4,416	4,719	4,993	5,626	5,676	6,087	6,056	6,228	
Public works	1,821	1,657	1,641	2,025	1,953	2,084	2,957	3,034	3,261	
Recreation and social services	1,307	3,497	3,401	3,070	3,245	3,424	3,364	3,674	3,748	
Economic and community development	448	315	1,302	4,035	213	-	9	154	75	
Interest on long-term debt	213	218	202	195	208	190	295	294	202	
Total governmental activities:	10,151	12,380	13,693	16,976	13,912	13,935	15,382	15,654	16,432	
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	2,089	2,191	2,069	
Golf Course	2,345	-	-	-	-	-	-	-	-	
Stormwater	233	234	258	269	292	311	410	414	396	
Total business-type activities	9,183	7,048	7,496	7,319	7,650	7,805	2,499	2,605	2,465	
Total primary government expenses	\$ 19,334	\$ 19,428	\$ 21,189	\$ 24,295	\$ 21,562	\$ 21,740	\$ 17,881	\$ 18,259	\$ 18,897	
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	417	453	411	453	499	570	431	822	1,048	
Public safety	162	349	196	198	162	215	215	241	232	
Public works	-	-	-	-	-	-	-	-	13	
Recreation and social services	171	1,834	1,593	1,303	1,508	1,581	1,531	1,335	1,467	
Economic and community development	-	-	-	5	-	-	-	-	15	
Capital grants and contributions	-	-	-	-	-	-	2,642	4,127	1,210	
Operating grants and contributions	714	528	2,437	4,541	699	712	350	478	443	
Total governmental activities program revenues	1,464	3,164	4,637	6,500	2,868	3,078	5,169	7,003	4,428	
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	2,176	2,333	2,298	
Stormwater	281	273	281	281	282	278	272	276	299	
Golf Course	1,689	-	-	-	-	-	-	-	-	
Capital grants and contributions	-	-	-	-	-	-	96	-	-	
Operating grants and contributions	-	17	27	-	5	-	-	-	-	
Total business-type activities program revenues	8,382	6,740	6,800	8,204	8,085	7,861	2,544	2,609	2,597	
Total primary government revenues	\$ 9,846	\$ 9,904	\$ 11,437	\$ 14,704	\$ 10,952	\$ 10,939	\$ 7,713	\$ 9,612	\$ 7,025	
Net (expense)/revenue										
Governmental activities	\$ (8,687)	\$ (9,216)	\$ (9,056)	\$ (10,476)	\$ (11,044)	\$ (10,857)	\$ (10,213)	\$ (8,651)	\$ (12,004)	
Business-type activities	(801)	(308)	(696)	885	435	55	45	4	132	
Total primary government net expenses	\$ (9,488)	\$ (9,524)	\$ (9,752)	\$ (9,591)	\$ (10,609)	\$ (10,801)	\$ (10,168)	\$ (8,647)	\$ (11,872)	
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes	5,620	6,033	6,438	7,290	7,530	7,226	7,108	6,133	5,960	
Utility taxes	1,603	1,570	1,578	1,635	1,634	1,667	1,818	1,783	1,718	
Franchise fees on gross receipts	657	747	797	967	962	997	990	902	891	
Intergovernmental (unrestricted)	1,773	1,989	1,299	1,396	2,237	2,128	1,935	1,860	1,999	
Investment income	57	57	179	334	434	283	129	88	27	
Miscellaneous	158	109	140	201	166	154	250	258	568	
Transfers	(3,004)	(305)	(725)	(217)	(260)	(39)	711	-	-	
Total governmental activities	\$ 6,864	\$ 10,200	\$ 9,706	\$ 11,606	\$ 12,703	\$ 12,416	\$ 12,941	\$ 11,024	\$ 11,162	
Business-type activities:										
Investment income	6	7	14	334	154	63	7	3	1	
Miscellaneous	63	7	3	201	10	-	-	-	-	
Gain (loss) on sale of capital assets	-	-	-	-	-	(1,773)	17	-	-	
Transfers	2,709	305	725	(217)	230	39	(711)	-	-	
Total business-type activities	\$ 2,778	\$ 319	\$ 742	\$ 318	\$ 394	\$ (1,671)	\$ (687)	\$ 3	\$ 1	
Total primary government	\$ 9,642	\$ 10,519	\$ 10,448	\$ 11,924	\$ 13,097	\$ 10,745	\$ 12,254	\$ 11,027	\$ 11,164	
<b>Change in Net Assets</b>										
Governmental activities	\$ (1,823)	\$ 984	\$ 650	\$ 1,130	\$ 1,659	\$ 1,559	\$ 2,728	\$ 2,373	\$ (841)	
Business-type activities	1,977	11	46	1,203	829	(1,616)	(642)	7	133	
Total primary government	\$ 154	\$ 995	\$ 696	\$ 2,333	\$ 2,488	\$ (57)	\$ 2,086	\$ 2,380	\$ (708)	

(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

## FUND BALANCES OF GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(amounts expressed in thousands)

		Fiscal Year									
		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund											
Reserved		\$ 2,376	\$ 280	\$ 201	\$ 484	\$ 792	\$ 657	\$ 197	\$ -	\$ -	\$ -
Unreserved		(300)	574	2,688	2,531	3,426	4,954	6,467	-	-	-
Nonspendable	*	-	-	-	-	-	-	-	103	84	140
Restricted	*	-	-	-	-	-	-	-	-	-	-
Committed	*	-	-	-	-	-	-	-	2,240	2,058	1,130
Assigned	*	-	-	-	-	-	-	-	-	-	-
Unassigned	*	-	-	-	-	-	-	-	6,078	4,158	3,634
Total general fund		<u>\$ 2,076</u>	<u>\$ 854</u>	<u>\$ 2,889</u>	<u>\$ 3,015</u>	<u>\$ 4,218</u>	<u>\$ 5,611</u>	<u>\$ 6,664</u>	<u>\$ 8,421</u>	<u>\$ 6,300</u>	<u>\$ 4,904</u>
All other governmental funds											
Reserved		\$ 147	\$ 477	\$ 206	\$ 564	\$ 155	\$ 1,016	\$ 5,388	\$ -	\$ -	\$ -
Unreserved, reported in:											
Special revenue funds		888	2,516	1,965	1,819	2,195	1,851	618	-	-	112
Debt service funds		171	105	101	100	102	113	113	-	-	-
Nonspendable	*	-	-	-	-	-	-	-	-	-	-
Restricted	*	-	-	-	-	-	-	-	2,133	2,538	1,821
Committed	*	-	-	-	-	-	-	-	2,209	-	169
Assigned	*	-	-	-	-	-	-	-	740	19	19
Unassigned	*	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds		<u>\$ 1,206</u>	<u>\$ 3,098</u>	<u>\$ 2,272</u>	<u>\$ 2,483</u>	<u>\$ 2,452</u>	<u>\$ 2,980</u>	<u>\$ 6,119</u>	<u>\$ 5,082</u>	<u>\$ 2,557</u>	<u>\$ 2,121</u>

\* During FY2009 the City implemented the new fund balance classifications.

**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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>REVENUES</b>										
Taxes and franchise fees	\$ 5,307	\$ 6,277	\$ 6,779	\$ 7,234	\$ 8,256	\$ 8,492	\$ 8,223	\$ 8,098	\$ 7,034	\$ 6,850
Charges for services	304	276	1,896	1,639	1,365	1,543	1,606	1,546	1,357	1,936
Public service taxes	2,743	1,603	1,570	1,578	1,635	1,634	1,667	1,818	1,783	1,718
Intergovernmental	1,697	2,263	2,507	3,429	5,939	2,932	2,799	4,817	6,348	3,609
Licenses and permits	415	360	397	359	430	467	536	415	818	641
Fines and forfeitures	367	338	320	467	229	147	239	322	338	209
Interest	38	57	57	180	334	434	283	133	88	27
Miscellaneous	84	158	145	183	135	182	178	251	263	600
Total revenues	<u>10,955</u>	<u>11,332</u>	<u>13,671</u>	<u>15,069</u>	<u>18,323</u>	<u>15,831</u>	<u>15,531</u>	<u>17,400</u>	<u>18,029</u>	<u>15,590</u>
<b>EXPENDITURES</b>										
General government	3,181	1,952	2,236	2,315	2,398	2,359	2,520	2,643	2,658	2,755
Public safety	4,312	4,237	4,252	4,495	4,779	5,386	5,375	5,541	5,724	5,928
Public works	1,573	1,758	1,593	1,590	1,945	1,862	1,990	2,364	2,523	2,733
Recreation and social services	977	1,212	3,214	2,973	2,740	2,820	2,958	2,917	3,253	3,315
Economic and community development	-	442	309	1,302	4,032	213	-	5	146	72
Debt service:										
Principal retirement	175	185	336	335	359	393	447	488	2,926	476
Interest and fiscal charges	221	213	218	202	195	208	190	295	294	202
Capital outlay:										
General government	57	154	528	338	390	276	6	40	22	2
Public safety	114	164	315	273	205	259	174	323	234	119
Public works	-	-	89	103	304	133	51	132	798	225
Recreation and social services	-	31	19	506	488	466	650	2,043	5,884	213
Economic and community development	-	-	71	-	147	-	150	787	1,064	1,383
Total expenditures	<u>10,610</u>	<u>10,348</u>	<u>13,180</u>	<u>14,432</u>	<u>17,982</u>	<u>14,375</u>	<u>14,511</u>	<u>17,578</u>	<u>25,526</u>	<u>17,423</u>
Excess (deficiency) of revenues over expenditures	345	984	491	637	341	1,456	1,020	(178)	(7,497)	(1,833)
Other financing (uses) sources:										
Transfers in	3,154	717	1,204	1,723	1,666	740	940	1,984	2,750	1,457
Transfers out	(4,269)	(3,297)	(1,084)	(2,023)	(1,458)	(537)	(356)	(1,086)	(2,416)	(1,457)
Proceeds from capital lease	-	272	-	-	125	232	87	-	-	-
Proceeds from debt	-	-	-	-	500	-	2,500	-	2,516	-
Total other financing sources (uses)	<u>(1,115)</u>	<u>(2,308)</u>	<u>120</u>	<u>(300)</u>	<u>833</u>	<u>435</u>	<u>3,171</u>	<u>898</u>	<u>2,850</u>	<u>-</u>
Net change in fund balances	<u>\$ (770)</u>	<u>\$ (1,324)</u>	<u>\$ 611</u>	<u>\$ 337</u>	<u>\$ 1,174</u>	<u>\$ 1,891</u>	<u>\$ 4,191</u>	<u>\$ 720</u>	<u>\$ (4,647)</u>	<u>\$ (1,834)</u>
Debt service as a percentage of noncapital expenditures	2.8%	3.1%	4.4%	3.7%	3.0%	4.6%	4.8%	5.3%	18.0%	4.6%



## 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					
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%
2009	680,762	253,328	54,922	989,012	6.17	1,537,229	64.34%
2010	627,952	223,296	51,287	902,535	6.47	1,308,696	68.96%
2011	631,848	212,563	60,956	905,368	6.74	1,398,886	64.72%

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.

(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**

Fiscal Year	City of Miami Springs		Total Direct Rate	OVERLAPPING RATES						Total Direct & Overlapping Rates
	City Wide	Debt Service		County			Special Districts			
				County-Wide	Debt Service	Fire	Library	School	State	
2002	8.1500	0.5940	<b>8.7440</b>	5.8890	0.3900	2.6610	0.4860	9.2520	0.7355	<b>28.1575</b>
2003	8.1436	0.5430	<b>8.6866</b>	6.4690	0.2850	2.6610	0.4860	9.1000	0.7360	<b>28.4236</b>
2004	8.1436	0.5079	<b>8.6515</b>	6.3792	0.2850	2.6610	0.4860	8.6870	0.7360	<b>27.8857</b>
2005	7.9000	0.4415	<b>8.3415</b>	6.2638	0.2850	2.6610	0.4860	8.4380	0.7360	<b>27.2113</b>
2006	7.5000	0.3953	<b>7.8953</b>	6.0373	0.2850	2.6510	0.4860	8.1050	0.7355	<b>26.1951</b>
2007	6.3000	0.3579	<b>6.6579</b>	5.0019	0.2850	2.2477	0.3842	7.9480	0.6595	<b>23.1842</b>
2008	6.4305	0.3687	<b>6.7992</b>	5.2945	0.2850	2.2487	0.3842	7.7970	0.6585	<b>23.4671</b>
2009	6.1698	0.4226	<b>6.5924</b>	5.3370	0.2850	2.2271	0.3822	7.9950	0.6585	<b>23.4772</b>
2010	6.4710	0.4698	<b>6.9408</b>	5.9275	0.4450	2.5953	0.2840	8.2490	0.6585	<b>25.1001</b>
2011	6.7400	-	<b>6.7400</b>	4.8050	0.2850	2.4627	0.1795	8.0050	0.9708	<b>23.4480</b>

(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 TEN YEARS AGO**

(amounts expressed in thousands)

2011				2001			
<u>Taxpayer</u>	<u>Taxable Valuation</u>	<u>Rank</u>	<u>Percentage Total Taxable Valuation</u>	<u>Taxpayer</u>	<u>Taxable Valuation</u>	<u>Rank</u>	<u>Percentage Total Taxable Valuation</u>
FELCOR/CSS HOLDINGS	\$ 28,500	1	3.1%	FELCOR HOLDINGS L.P.	\$ 19,250	1	3.5%
AA GROUP, LTD.	14,976	2	1.7%	AA GROUP, LTD.	11,567	2	2.1%
DORIAN VAN BEYER CALLEN	306	3	0.0%	DORIAN VON BAYERN CALLEN	5,250	6	1.0%
RED ROOF INNS	8,100	4	0.9%	RED ROOF INNS	7,800	3	1.4%
36th STREET HOTEL HOLDINGS	7,802	5	0.9%				
PRIME AFC INVEST MGMT LLC	7,783	6	0.9%				
ROYAL ARMS PROPERTIES INC	6,812	7	0.8%				
FAIR HAVENS REAL ESTATE LLC	6,669	8	0.7%				
4299 MIA SPRG LLC	6,436	9	0.7%				
SOUTHERN BELL	6,275	10	0.7%	SOUTHERN BELL	4,500	8	0.8%
				AIRPORT FINANCIAL CENTER	6,103	5	1.1%
				BISCAYNE PROPERTIES, INC.	7,401	4	1.4%
				FIRST UNION NATIONAL BANK	4,943	7	0.9%
				BECK-MARIN ASSOC-MIAMI AIRPORT	4,388	9	0.8%
				BOULEVARD MOTEL CORP	3,000	10	0.6%
	<u>\$ 93,659</u>		<u>10.3%</u>		<u>\$ 74,202</u>		<u>13.6%</u>
Sources:	Miami-Dade County Tax Assessors' Office						
	2010 Tax Roll						
	Real/personal property adjusted taxable value- \$902,535,320						

## CITY OF MIAMI SPRINGS, FLORIDA

### PROPERTY TAX LEVIES AND COLLECTION

#### LAST TEN 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
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%	104	7,236	99.7%
2008	6,878	6,830	99.3%	29	6,859	99.7%
2009	6,859	6,683	97.4%	-	6,683	97.4%
2010	6,109	5,732	93.8%	-	5,732	93.8%
2011	5,840	5,577	95.5%	-	5,577	95.5%

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			
2002	4,345	-	-	10,175	-	357	14,877	3.94%	1,070
2003	4,160	-	-	9,825	910	362	15,257	3.99%	1,112
2004	3,970	-	235	9,465	828	176	14,674	3.59%	1,069
2005	3,770	-	94	9,090	984	-	13,938	3.39%	1,011
2006	3,560	478	93	8,695	943	216	13,984	2.91%	1,012
2007	3,340	384	237	8,285	847	181	13,274	2.68%	960
2008	3,110	2,787	211	-	332	89	6,529	N/A	476
2009	2,865	2,686	72	-	290	-	5,913	N/A	436
2010	2,610	2,517	85	-	249	289	5,750	1.85%	424
2011	-	4,694	53	-	207	224	5,178	1.63%	375

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 79 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>
2002	4,345	172	4,173	0.41%	300
2003	4,160	105	4,055	0.37%	295
2004	3,970	101	3,869	0.32%	282
2005	3,770	100	3,670	0.27%	266
2006	3,560	102	3,458	0.22%	250
2007	3,340	113	3,227	0.19%	233
2008	3,110	113	2,997	0.16%	219
2009	2,865	108	2,757	0.18%	201
2010	2,610	100	2,510	0.19%	185
2011	-	-	-	0.00%	-
<p>Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.</p>					
<p>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.</p>					
<p>(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 70 for property value data.</p>					
<p>(2) See the Schedule of Demographic and Economic Statistics on page 79 for population data.</p>					

**CITY OF MIAMI SPRINGS, FLORIDA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**  
(amounts expressed in thousands)

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable(1)</u>	<u>Amount Applicable to Miami Springs</u>
Miami-Dade County Schools (2)	\$ 348,100	0.48%	\$ 1,671
Miami-Dade County (3)	<u>839,096</u>	0.48%	<u>4,028</u>
Subtotal overlapping debt	1,187,196		5,699
City of Miami Springs direct debt	<u>4,694</u>	100.0%	<u>4,694</u>
Total direct and overlapping debt	\$ 1,191,890		\$ 10,393

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									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	100,601	107,768	117,031	135,556	152,846	166,944	163,538	145,667	135,380	135,380
Total net debt applicable to limit (1)	<u>4,345</u>	<u>4,160</u>	<u>3,970</u>	<u>3,770</u>	<u>3,560</u>	<u>3,340</u>	<u>3,110</u>	<u>2,865</u>	<u>2,610</u>	<u>-</u>
Legal debt margin	<u>104,946</u>	<u>111,928</u>	<u>121,001</u>	<u>139,326</u>	<u>156,406</u>	<u>170,284</u>	<u>166,648</u>	<u>148,532</u>	<u>137,990</u>	<u>135,380</u>
Total net debt applicable to the limit as a percentage of debt limit	4.32%	3.86%	3.39%	2.78%	2.33%	2.00%	1.90%	1.97%	1.93%	0.00%

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2011**

Assessed valuation 2011 roll	\$ 901,445
Bonded debt limit- 15% of assessed value	\$ 135,217
Total ad valorem debt- General Obligation Bonds \$	-
Amount of debt applicable	\$ -
Legal debt margin	<u>\$ 135,217</u>

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

(1) General Obligation Bonds were issued in 1998, and refunded during FY2011.

**CITY OF MIAMI SPRINGS, FLORIDA**

**PLEDGED REVENUE BOND COVERAGE**

**LAST TEN FISCAL YEARS**

Fiscal Year	Water & Sewer Charges and Other (1)	Less: Operating Expenses	Net Revenue Available for Debt Service	Half Cent Sales Tax Revenues (2)	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2002	4,785,708	3,917,323	868,385	N/A	335,000	500,265	835,265	104
2003	4,885,544	3,243,656	1,641,888	N/A	350,000	486,362	836,362	196
2004	4,897,538	3,559,686	1,337,852	N/A	360,000	471,663	831,663	161
2005	4,957,104	3,988,023	969,082	N/A	375,000	456,363	831,363	117
2006	6,203,538	4,495,217	1,708,321	N/A	395,000	440,050	835,050	205
2007	6,085,729	4,363,666	1,722,063	N/A	395,000	440,050	835,050	206
2008	-	-	-	868,369	-	121,803	121,803	713
2009	-	-	-	775,907	71,688	130,736	202,424	383
2010	-	-	-	742,550	95,253	92,147	187,670	396
2011	-	-	-	827,344	383,484	204,429	587,913	141
Note:	1) The City's water and sewer revenue bonds were defeased with the sale of the utility operation to Miami-Dade County on September 3, 2008. This schedule presented for historical reference only							
	Gross Revenue includes total operating revenues, interest income, miscellaneous revenue and operating transfers.							
	Details regarding the City's outstanding debt can be found in the notes to the financial statements.							
	Direct Operating Expenses do not include interest and depreciation.							
	2) The city issued \$2.5 million in revenue bonds for the construction of a new community center as well as a \$2.6 million Sales Tax Revenue Refunding Note. Both notes are collateralized by the Half Cent Sales tax. However, the \$2.6 million Sales Tax Revenue Refunding Note also requires that if the coverage is under 1.5X, the City pledges to budget and appropriate from other non ad-valorem revenues a sufficient amount to meet the 1.5X coverage ratio.							

## CITY OF MIAMI SPRINGS, FLORIDA

### DEMOGRAPHIC AND ECONOMIC STATISTICS

#### LAST TEN 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>
2002	13,901	377,370	27,147	37.0	7,123	6.6
2003	13,725	382,804	27,891	37.0	7,364	5.9
2004	13,725	409,238	29,817	37.0	6,828	5.4
2005	13,783	439,223	31,867	37.0	6,618	4.3
2006	13,824	479,817	34,709	37.0	N/A	3.8
2007	13,824	494,775	35,791	38.0	N/A	3.6
2008	13,712	N/A	N/A	39.0	5,226	6.3
2009	13,557	N/A	N/A	N/A	4,742	11.3
2010	13,557	311,309	22,963	N/A	4,676	12.7
2011	13,809	317,096	22,963	N/A	4,654	11.5
Source:	(1) City of Miami Springs and State of Florida					
	(2) The Beacon Council					
	(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 TEN YEARS AGO**

<b>EMPLOYER</b>	<b>2011</b>			<b>2001</b>		
	<b>EMPLOYEES</b>	<b>RANK</b>	<b>Percentage of Total County Employment</b>	<b>EMPLOYEES</b>	<b>RANK</b>	<b>Percentage of Total County Employment</b>
Miami-Dade County Public Schools	48,571	1	3.82%	34,310	1	3.12%
Miami-Dade County, Florida	29,000	2	2.28%	28,000	2	2.54%
Federal Government	19,500	3	1.53%	18,700	3	1.70%
State Government	17,100	4	1.34%	18,400	4	1.67%
University of Miami	16,000	5	1.26%	7,517	6	0.68%
Baptist Health Systems	13,376	6	1.05%	5,285	8	0.48%
Jackson Memorial Hospital	12,571	7	0.99%	7,209	7	0.65%
Publix Supermarket	10,800	8	0.85%	-	-	
American Airlines	9,000	9	0.71%	9,304	5	0.85%
Florida International University	8,000	10	0.63%	-	-	
Precision Response	-	-		5,000	9	0.45%
Bell South	-	-		3,792	10	0.34%
	<b>183,918</b>		<b>14.46%</b>	<b>137,517</b>		<b>12.48%</b>
Source: The Beacon Council						

# CITY OF MIAMI SPRINGS, FLORIDA

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

### LAST TEN FISCAL YEARS

#### FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Function</b>										
General government	17	19	19	19	19	19	19	19	20	19
Public safety										
Police										
Officers	43	43	43	43	43	43	41	41	41	43
Civilians	12	12	12	12	12	12	12	11	11	11
Building & Zoning	6	6	6	5	5	6	6	6	6	5
Public Works	23	27	27	27	24	23	21	25	26	25
Culture and recreation	9	9	8	8	8	12	10	10	7	10
Water and Sewer	13	13	13	15	14	10	8	-	-	-
Sanitation	18	13	13	13	13	13	13	13	13	13
Stormwater	<u>2</u>									
	<u>143</u>	<u>144</u>	<u>143</u>	<u>143</u>	<u>140</u>	<u>140</u>	<u>132</u>	<u>127</u>	<u>126</u>	<u>128</u>

Source: City of Miami Springs Finance department

## CITY OF MIAMI SPRINGS, FLORIDA

### OPERATING INDICATORS BY FUNCTION

#### LAST TEN FISCAL YEARS

<b>Function/Program</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Public Safety</b>										
Police:										
Number of calls answered	21,001	20,598	18,205	15,853	15,923	15,222	16,413	19,028	19,791	18,043
Number of arrests	675	746	955	687	714	663	537	620	426	430
Number of uniformed officers	43	42	42	43	43	41	41	41	41	43
Building & Zoning:										
Number of building permits issued	n/a	n/a	1535	1,592	2000	1701	1,324	1,154	1,120	1,105
License/Permit revenue generated	\$414,845	\$359,674	\$396,527	\$358,741	\$429,946	\$467,280	\$373,957	\$283,678	\$673,492	\$490,819
Occupational licenses issued	400	432	463	529	553	618	652	557	572	603
<b>Culture and recreation</b>										
Number of senior meals served	49,054	47,862	51,249	54,894	54,340	49,901	48,530	42,274	40,302	43,054
Recreation revenues collected	\$180,963	\$170,570	\$162,301	\$170,534	\$173,585	\$187,952	\$190,498	\$239,455	\$294,990	\$449,149
<b>Sanitation</b>										
Refuse collected (tons per month)	n/a	957	995	891	918	520	375	325	389	475
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 TEN FISCAL YEARS**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Public Safety</b>										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	33	33	33	34	34	40	43	41	43	43
<b>Public works</b>										
Streets (Miles-paved)	55	55	55	55	55	55	55	55	55	55
<b>Culture and recreation</b>										
Sports/Recreation Parks	3	3	3	3	3	3	3	3	3	3
Recreation Center	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	5	5	5	5	5	5	5	5	5	5
Baseball/Football fields	10	10	10	10	10	10	10	10	10	10
Golf courses	1	1	1	1	1	1	1	1	1	1
<b>Sanitation</b>										
Number of collection trucks	7	5	4	6	6	6	6	6	6	6
<b>Elderly Services</b>										
Senior centers	1	1	1	1	1	1	1	1	1	1
Transportation vehicles	1	1	1	1	1	2	2	2	1	1

Sources: Various city departments

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

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## **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, 2011 which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 6, 2012. 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 opinions 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 *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.

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 over financial reporting that might be deficiencies, 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*.

This report is intended solely for the information and use of the Council, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Alberni Caballero & Company, LLP*

Coral Gables, Florida  
January 6, 2012



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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, 2011, and have issued our report thereon dated January 6, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Internal Control over financial reporting and on Compliance and Other Matters, Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 6, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- ❖ 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 audit report. There were no recommendations made in the preceding audit report.
- ❖ 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. In connection with our audit, we did not have any such recommendations.
- ❖ 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 occurred, or are likely to have occurred, 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, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- ❖ 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 governmental 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, requires that we determine whether the annual financial report for the City of Miami Springs, Florida for the fiscal year ended September 30, 2011, 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, 2011. In connection with our audit, we determined that these two reports were in agreement.
- ❖ Pursuant to Sections 10.554(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial assessment procedures. It is management's responsibility to monitor the City of Miami Springs' 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these 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.

*Alberni Caballero & Company, LLP*

Coral Gables, Florida  
January 6, 2012



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB A-133**

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

**Compliance**

We have audited the City of Miami Springs, Florida (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended September 30, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material aspects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended September 30, 2011.

**Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Council, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Alberni Caballero & Company, LLP*

Coral Gables, Florida  
January 6, 2012

**CITY OF MIAMI SPRINGS, FLORIDA**  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FISCAL YEAR ENDED SEPTEMBER 30, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract #</u>	<u>Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Indirect Programs-Passed through Miami Dade County:</i>			
Community Development Block Grant-Entitlement Grants	14.218	CDBG20091002	\$ 58,792
<b>Total U.S. Department of Housing and Urban Development</b>			<u>58,792</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Indirect Programs-Passed through the Alliance for Aging:</i>			
Title III, Part C Nutrition Services	93.045	AA-1005/AA-1105	146,185
Title III, Part B Grants for Supportive Services	93.044	AA-1005/AA-1105	25,059
<b>Total U.S. Department of Health and Human Services</b>			<u>171,244</u>
<b><u>U.S. Department of Transportation</u></b>			
<i>Indirect Programs-Passed through the Florida Department of Transportation:</i>			
ARRA Highway Planning and Construction	20.205	FM-4261871, FAP#ARRA-402	74,820
<b>Total U.S. Department of Transportation</b>			<u>74,820</u>
<b><u>U.S. Department of Agriculture</u></b>			
<i>Indirect Programs-Passed through the Alliance for Aging:</i>			
Nutrition Program for the Elderly	10.570	US-1145	28,043
<b>Total U.S. Department of Agriculture</b>			<u>28,043</u>
<b><u>U.S. General Services Administration</u></b>			
<i>Indirect Programs-Passed through Miami-Dade County:</i>			
Historic Preservation Grant	39-010	S1109	4,000
<b>Total U.S. General Services Administration</b>			<u>4,000</u>
<b><u>U.S. Department of Justice</u></b>			
<i>Indirect Programs-Passed through Miami-Dade County:</i>			
Edward Byrne Memorial Formula Grant	16.579	2010-JAGD-DADE-1-4Y-064	5,698
Edward Byrne Memorial Formula Grant	16.579	2010-JAGD-DADE-4-B3-076	4,785
Edward Byrne Memorial Formula Grant	16.579	2010-JAGC-DADE-14-4X-198	3,304
<i>Direct Programs:</i>			
Federal Equitable Sharing	16.000	N/A	15,704
Public Safety Partnership and Community Policing Grant	16.710	2009RKWX0212	167,241
<b>Total U.S. Department of Justice</b>			<u>196,732</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 533,631</u>

**CITY OF MIAMI SPRINGS, FLORIDA**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Miami Springs, Florida and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 and *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**CITY OF MIAMI SPRINGS, FLORIDA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**

**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

**I. STATUS OF PRIOR YEAR FINANCIAL STATEMENT RECOMMENDATIONS AND RESPONSES**

**None.**

**II. STATUS OF PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**N/A**

CITY OF MIAMI SPRINGS, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED SEPTEMBER 30, 2011

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:

*Unqualified Opinion*

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ yes X no

Significant deficienc(ies) identified?

\_\_\_ yes X None reported

Non-compliance material to financial statements noted?

\_\_\_ yes X no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?

\_\_\_ yes X no

Significant deficienc(ies) identified?

\_\_\_ yes X None reported

Type of auditor's report issued on compliance for major programs:

*Unqualified Opinion*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

\_\_\_ yes X no

Identification of major programs:

**Federal Awards Program**

**Federal CFDA No.**

Title III, Part C Nutrition Services

93.045

Public Safety Partnership and Community Policing Grant

16.710

Dollar threshold used to distinguish between Type A and Type B programs:

Federal \$300,000

Auditee qualified as low risk auditee for audit of federal Awards programs?

\_\_\_ yes X no

**CITY OF MIAMI SPRINGS, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

**SECTION II – FINANCIAL STATEMENT RECOMMENDATIONS AND RESPONSES**

**None.**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**None.**