

CITY OF MIAMI SPRINGS, FLORIDA  
GOLF AND COUNTRY CLUB FUND  
SPECIAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED  
SEPTEMBER 30, 2008 AND 2007

**CITY OF MIAMI SPRINGS, FLORIDA  
GOLF AND COUNTRY CLUB FUND  
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FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

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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 special purpose financial statements of the governmental activities of the City of Miami Springs, Florida Golf and Country Club Fund (the "Fund"), a special revenue fund of the City of Miami Springs, Florida (the "City"), as of and for the fiscal years ended September 30, 2008 and 2007, which collectively comprise the Fund's special purpose financial statements as listed in the table of contents. These special purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose 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 and opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Fund as of and for the fiscal years ended September 30, 2008 and 2007, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 6, 2009 on our consideration of the Fund's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management Discussion and Analysis and the Budgetary Comparison Schedule, listed in the table of contents, are not a required part of the special purpose financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the special purpose financial statements of the City of Miami Springs, Florida Golf and Country Club Fund. The other supplementary information listed in the table of contents have been subjected to the auditing procedures applied in the audit of the special purpose financial statements and, in our opinion, are fairly stated in all material respects in relation to the special purpose financial statements taken as a whole.

A handwritten signature in cursive script that reads 'Alberni Caballero &amp; Castellanos LLP'.

February 6, 2009  
Coral Gables, Florida

**CITY OF MIAMI SPRINGS, FLORIDA GOLF AND COUNTRY CLUB FUND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2008**

**Financial Highlights**

For financial reporting purposes, the City of Miami Springs, Florida Golf and Country Club Fund, the Fund, is a special revenue fund of the City of Miami Springs, Florida and is thus included in the City's comprehensive annual financial report as a major governmental fund.

- The assets of the Fund exceeded its Liabilities at the close of the most recent fiscal year by \$4,245,309 (Net Assets). Of this amount, \$-0- (*unrestricted net assets*) may be used to meet the Fund's ongoing obligations and future operating expenditures. The entire amount is invested in capital assets net of related debt.
- The Fund's total net assets decreased by \$186,881 as expenses were higher than revenues by \$400,960 (operating loss before transfers). This compares to an operating loss before transfers in 2007 of \$326,936. Transfers in from the general fund to support the operations reduced the operating losses by \$214,079 and \$107,778 for fiscal years 2008 and 2007 respectively.
- As of the close of the current fiscal year, the Fund's governmental funds reported an ending balance of \$0, an increase of \$15,035 when compared with the prior year's deficit fund balance as funds were transferred from the general fund to clear the deficit balance.
- At the end of the current year, there was no unreserved fund balance in the governmental fund.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City of Miami Springs, Florida Golf and Country Club Fund's special purpose financial statements. The Fund's special purpose financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the special purpose financial statements.

**Government-wide financial statements** - The *Government-wide financial statements* are designed to provide readers with a broad overview of the Fund's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the Fund'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 event occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only results in cash flows in future fiscal period (e.g., earned but unused vacation leave).

The Government-wide financial statements include only the financial information of the Fund, as the Fund had no legally separate entities or component units at September 30, 2008. In fact, the fund is a special revenue fund of the City of Miami Springs, Florida.

The government-wide financial statements can be found on pages 8-9.

**Fund financial statements** - Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. 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 focus here is on the Fund's only major fund, the general fund.

**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 an entity's near-term financing requirements. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided at the bottom of the governmental funds statement that explains the relationship (or difference) between them.

The City adopts an annual appropriated budget for the Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The government fund financials statements can be found on pages 10-11a.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding to the data provided in the government-wide and fund financials. The notes to the financial statements can be found on pages 12-18 of this report.

**Government-wide financial analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Fund, assets exceeded liabilities by \$4,245,309 at the close of the most recent fiscal year.

All of the Fund's net assets reflect it's investment in capital assets (e.g., capital improvements, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The Fund uses these capital assets to provide services to the City of Miami Spring's residents; consequently, these assets are not available for future spending.

The following schedule reflects a summary of Net Assets compared to that of prior years.

**City of Miami Springs, Florida Golf and Country Club Fund  
Summary of Net Assets  
Governmental Activities**

<u>Assets</u>	<u>2008</u>	<u>2007</u>	<u>Change</u>	<u>%</u>
Current & other assets	\$92,807	\$43,415	49,392	114%
Capital assets net of depreciation	4,473,480	4,691,206	-217,726	-5%
<b>Total Assets</b>	<b>4,566,287</b>	<b>4,734,621</b>	<b>-168,334</b>	<b>-4%</b>
 <u>Liabilities</u>				
Current liabilities	92,807	58,450	34,357	59%
Noncurrent liabilities	228,171	243,981	-15,810	-6%
<b>Total Liabilities</b>	<b>320,978</b>	<b>302,431</b>	<b>18,547</b>	<b>6%</b>
 <u>Net Assets</u>				
Invested in capital assets	4,245,309	4,447,225	-201,916	-5%
Unrestricted	-	-15,035	15,035	100%
<b>Total Net Assets</b>	<b>4,245,309</b>	<b>4,432,190</b>	<b>-186,881</b>	<b>-4%</b>

At September 30<sup>th</sup>, 2008, current and other assets reflected a \$49,392 increase over 2007. The increase can be directly attributed to the higher current liabilities, \$34,357, comprised primarily of accounts payable invoices that were pending at fiscal year-end. Additionally, merchandise inventory was also higher in 2008, \$43,601 vs. 2007, \$33,473.

Capital assets decreased \$217,726 from 2007 and were due to depreciation expense of \$306,554 that was partially off-set by new capital additions of \$88,828.

**Changes in Net Assets**

The following schedule compares the revenues and expenses for the current and previous year.

**City of Miami Springs, Florida Golf and Country Club Fund  
Changes Net Assets  
Governmental Activities**

	2008	2007	Change	%
<b><u>Revenues</u></b>				
Green fees	\$ 976,446	\$951,446	\$25,000	3%
Memberships	117,271	94,502	22,769	24%
Cart revenues	93,121	80,379	12,742	16%
Range fees	112,824	118,177	(5,353)	-5%
Other	8,818	7,268	1,550	21%
Merchandise sales	61,775	73,033	(11,258)	-15%
<b>Total Revenues</b>	<b>1,370,255</b>	<b>1,324,805</b>	<b>45,450</b>	<b>3%</b>
<b><u>Expenses</u></b>				
Administrative	48,436	68,840	(20,404)	-30%
Pro shop	547,846	503,450	44,396	9%
Maintenance	857,934	758,670	99,264	13%
Depreciation	306,554	308,837	(2,283)	-1%
Interest	10,445	11,944	(1,499)	-13%
<b>Total Expenses</b>	<b>1,771,215</b>	<b>1,651,741</b>	<b>119,474</b>	<b>7%</b>
<b>Deficiency of revenues over expenses before transfers from general fund</b>	<b>(400,960)</b>	<b>(326,936)</b>	<b>(74,024)</b>	<b>23%</b>
<b>Transfers</b>	<b>214,079</b>	<b>107,778</b>	<b>106,301</b>	<b>99%</b>
<b>Change in net assets</b>	<b>(186,881)</b>	<b>(219,158)</b>	<b>32,277</b>	<b>-15%</b>
<b>Net Asset Beginning</b>	<b>4,432,190</b>	<b>4,651,348</b>	<b>(219,158)</b>	<b>-5%</b>
<b>Net Assets Ending</b>	<b><u>\$4,245,309</u></b>	<b><u>\$4,432,190</u></b>	<b>(186,881)</b>	<b>-4%</b>

**See the Statement of Activities (Page 8)**

**Governmental Activities** – As noted earlier, governmental activities decreased the Fund's net assets by \$186,881. Key elements of this decrease are as follows:

The Fund's total net assets decreased by \$186,881 as expenses were higher than revenues by \$400,960 (operating loss before transfers). This compares to an operating loss before transfers in 2007 of \$326,936. Transfers in from the general fund to support the operations reduced the operating losses by \$214,079 and \$107,778 for fiscal years 2008 and 2007 respectively.

The overall variance between FY08 and FY07 is partly attributable to the switch from an underfunded maintenance program to the Greens Grades contract. Greens Grade is a third party vendor responsible for the general maintenance of the golf course greens and grounds. Positive indicators include modest increases in Total Revenues and rounds played of 3% when compared to 2007.

Memberships sold reflected significant increases of 24% and 25% over the same periods in FY07 and FY06, and a new discounted Senior Weekday rate generated higher than expected numbers.

Expenditures related to the Pro Shop increased by 9% when compared to the same period in FY07 and is primarily attributable to the hiring of an Assistant Golf Director as well as normal salary and benefits increases. It should be noted that the added position was eliminated in the FY08-09 Budget. Maintenance Department's costs have risen 13% or \$99,264 from 2007. Within the Maintenance Department, a decrease in personnel costs of \$163,484 was more than offset by higher Contractual Services expenditures of \$237,564 as the City implemented a new business model whereby most maintenance functions are outsourced to a third party vendor. Administration Department expenditures declined by \$30,455 from FY07 and were due primarily to lower risk management and capital outlay expenditures in 2008.

The following schedule reflects a summary of the Fund Financial Statements compared to that of prior years

**City of Miami Springs, Florida Golf and Country Club Fund  
Balance Sheet – Governmental Funds**

<u>Assets</u>	2008	2007	Change	%
<b>Total Assets</b>	<u>\$92,807</u>	<u>\$43,415</u>	<u>\$49,392</u>	<u>114%</u>
<b>Total Liabilities</b>	<u>92,807</u>	<u>58,450</u>	<u>34,357</u>	<u>59%</u>
<b>Fund Balance</b>				
Unreserved	<u>-</u>	<u>(15,035)</u>	<u>15,035</u>	<u>-100%</u>
<b>Total Liabilities &amp; Fund Balance</b>	<u>\$92,807</u>	<u>\$43,415</u>	<u>\$49,392</u>	<u>114%</u>

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

At the end of the current year, there was no unreserved fund balance in the governmental fund. As such, ongoing operations will be supported by expected revenues and transfers from the general fund.

**City of Miami Springs, Florida Golf and Country Club Fund  
Statement of Revenues, Expenditures and Changes  
In Fund Balance – Governmental Funds**

	2008	2007	Change	%
<b>Revenues</b>				
Green fees	\$ 976,446	\$951,446	\$25,000	3%
Memberships	117,271	94,502	22,769	24%
Cart revenues	93,121	80,379	12,742	16%
Range fees	112,824	118,177	(5,353)	-5%
Other	8,818	7,268	1,550	21%
Merchandise sales	61,775	73,033	(11,258)	-15%
<b>Total Revenues</b>	<u>1,370,255</u>	<u>1,324,805</u>	<u>45,450</u>	<u>3%</u>

<b>Expenses</b>				
Administrative	48,436	68,840	(20,404)	-30%
Pro shop	547,846	503,450	44,396	9%
Maintenance	857,934	758,670	99,264	13%
Capital outlay	88,828	118,902	(30,074)	-25%
Debt service	113,087	88,825	24,262	27%
<b>Total Expenses</b>	<b>1,656,131</b>	<b>1,538,687</b>	<b>117,444</b>	<b>8%</b>
<b>Deficiency of revenues over expenditures before other financing sources</b>				
	<u>(285,876)</u>	<u>(213,882)</u>	<u>(71,994)</u>	<u>34%</u>
<b>Issuance of debt</b>	<u>86,832</u>	<u>91,069</u>	<u>(4,237)</u>	<u>-5%</u>
<b>Transfers</b>	<u>214,079</u>	<u>107,778</u>	<u>106,301</u>	<u>99%</u>
<b>Change in fund balance</b>	<u>15,035</u>	<u>(15,035)</u>	<u>30,070</u>	<u>-200%</u>
<b>Fund Balance Beginning</b>	<u>(15,035)</u>	<u>-</u>	<u>(15,035)</u>	<u>-100%</u>
<b>Fund Balance Ending</b>	<u>\$ -</u>	<u>\$ (15,035)</u>	<u>\$ 15,035</u>	<u>100%</u>

**See the Statement of Activities (Page 10)**

In general, the variance explanations for the Statement of Revenues, Expenditures and Changes in Fund Balance mirror those of the Changes in Net Assets other than depreciation, which is not included in the Statement of Revenues, Expenditures and Changes in Fund Balance. Also, unlike the Changes in Net Assets, the Statement of Revenues, Expenditures and Changes in Fund Balance includes the cost of capital outlay and principal payments on debt. The major capital outlays for 2008 included grounds maintenance equipment totaling \$86,833. This new equipment was the primary reason for the corresponding increase in debt service over 2007.

**Budgetary Highlights**

When compared to budget, total revenues fell short of budget by \$121,398 and were due primarily to lower green fees of \$57,477, merchandise sales of \$ 19,163, and range fees of \$18,180. The general slowdown in the economy contributed to the lower than budgeted revenues. Overall expenditures were higher than budget by \$95,669 that was due primarily to the purchase of maintenance equipment, \$86,833 secured debt proceeds from a capital lease with SunTrust Bank. The purchase of the equipment was approved by Council as part of the City's capital expenditures for FY2008. Additional personnel expenditures in the Pro-Shop accounted for the remaining variance to budget.

**Capital Assets** – As of fiscal year end, the Fund had recorded capital assets totaling \$4,473,480, net of depreciation. This represents a decrease of \$217,726 over the \$4,691,206 from the prior year (net of depreciation).

The major capital events during the current fiscal year included the following:

1 Foley Accupro Spin/Relief Grinder	\$23,045
1 Lastec Model 721XR Articulator	16,958
2 Greensmaster 3150	<u>46,830</u>
	<u>\$86,833</u>

Additional information on the Fund's capital assets can be found on pages 15 and 16 of this report.

**Long Term Debt** – As of fiscal year end, the Fund had outstanding debt totaling \$228,171. This represents a decrease of \$15,810 over the \$243,981 from the prior year.

The major financing events during the current fiscal year included the following:  
On January 25<sup>th</sup>, 2008, the City entered into a capital lease agreement with SunTrust Equipment Finance & Leasing Corp., Lease No. 04298, for various maintenance equipment totaling \$86,833.

The total of the remaining minimum lease payment under the terms of the lease as of September 30<sup>th</sup>, 2008 are as follows;

FY2009	\$31,168
FY2010	31,168
FY2011	<u>15,584</u>
	<u>\$77,920</u>

Additional information on the Fund's long-term debt can be found on page 16 of this report.

**Request for information**

The Fund's financial statements are designed to present users with a general overview of the Fund's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, contact Leacroft Robinson, Finance Director, City of Miami Springs, 201 Westward Drive, Miami Springs, Florida 33166.

**CITY OF MIAMI SPRINGS, FLORIDA  
GOLF AND COUNTRY CLUB FUND  
STATEMENTS OF NET ASSETS  
SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b><u>ASSETS</u></b>		
Cash and equity in pooled cash and investments	\$ 48,394	\$ 9,908
Accounts receivable- net	-	34
Due from the City of Miami Springs	811	-
Inventories	43,602	33,473
Capital assets:		
Land	1,300,000	1,300,000
Building	2,965,944	2,965,944
Equipment	1,022,607	933,779
Improvements	<u>1,504,856</u>	<u>1,504,856</u>
Total capital assets	6,793,407	6,704,579
Less accumulated depreciation	<u>(2,319,927)</u>	<u>(2,013,373)</u>
Total capital assets- net	<u>4,473,480</u>	<u>4,691,206</u>
Total assets	<u>4,566,287</u>	<u>4,734,621</u>
 <b><u>LIABILITIES</u></b>		
Accounts payable	71,782	21,194
Accrued payroll	16,110	30,036
Deferred revenues	4,915	7,220
Noncurrent liabilities:		
The amount due in one year	117,916	81,314
The amount due in more than one year	<u>110,255</u>	<u>162,667</u>
Total liabilities	<u>320,978</u>	<u>302,431</u>
 <b><u>NET ASSETS</u></b>		
Invested in capital assets net of related debt	4,245,309	4,447,225
Unrestricted	-	<u>(15,035)</u>
Total net assets	<u>\$ 4,245,309</u>	<u>\$ 4,432,190</u>

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

**CITY OF MIAMI SPRINGS, FLORIDA  
GOLF AND COUNTRY CLUB FUND  
STATEMENTS OF ACTIVITIES  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>Revenues</b>		
Green fees	\$ 976,446	\$ 951,446
Memberships	117,271	94,502
Cart revenues	93,121	80,379
Range fees	112,824	118,177
Other	8,818	7,268
Merchandise sales	<u>61,775</u>	<u>73,033</u>
	<u>1,370,255</u>	<u>1,324,805</u>
<b>Expenses</b>		
Administrative	48,436	68,840
Pro shop	547,846	503,450
Maintenance	857,934	758,670
Depreciation	306,554	308,837
Interest	<u>10,445</u>	<u>11,944</u>
	<u>1,771,215</u>	<u>1,651,741</u>
<b>Deficiency of revenues over expenses before transfers from general fund</b>	<u>(400,960)</u>	<u>(326,936)</u>
Transfers in	214,079	127,000
Transfers out	<u>-</u>	<u>(19,222)</u>
Total transfers	<u>214,079</u>	<u>107,778</u>
<b>Change in net Assets</b>	<u>(186,881)</u>	<u>(219,158)</u>
<b>Beginning net assets</b>	<u>4,432,190</u>	<u>4,651,348</u>
<b>Ending net assets</b>	<u>\$ 4,245,309</u>	<u>\$ 4,432,190</u>

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

**CITY OF MIAMI SPRINGS, FLORIDA  
GOLF AND COUNTRY CLUB FUND  
BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b><u>ASSETS</u></b>		
Cash and equity in pooled cash and investments	\$ 48,394	\$ 9,908
Accounts receivable- net	-	34
Due from the City of Miami Springs	811	-
Inventories	<u>43,602</u>	<u>33,473</u>
	<u>92,807</u>	<u>43,415</u>
 <b><u>LIABILITIES</u></b>		
Accounts payable	71,782	21,194
Accrued payroll	16,110	30,036
Deferred revenues	<u>4,915</u>	<u>7,220</u>
	<u>92,807</u>	<u>58,450</u>
 <b><u>FUND BALANCE</u></b>		
Deficit	<u>-</u>	<u>(15,035)</u>
 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 fund financials.		
	4,473,480	4,691,206
 Long-term liabilities are not due and payable in the current period and therefore not reported in the fund financial statements.		
Capital leases	<u>(228,171)</u>	<u>(243,981)</u>
Net assets	<u>\$ 4,245,309</u>	<u>\$ 4,432,190</u>

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

**CITY OF MIAMI SPRINGS, FLORIDA  
GOLF AND COUNTRY CLUB FUND  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>Revenues</b>		
Green fees	\$ 976,446	\$ 951,446
Memberships	117,271	94,502
Cart revenues	93,121	80,379
Range fees	112,824	118,177
Other	8,818	7,268
Merchandise sales	61,775	73,033
	<u>1,370,255</u>	<u>1,324,805</u>
 <b>Expenditures</b>		
Administrative	48,436	68,840
Pro shop	547,846	503,450
Maintenance	857,934	758,670
Capital outlay	88,828	118,902
Debt service	113,087	88,825
	<u>1,656,131</u>	<u>1,538,687</u>
 <b>Deficiency of revenues over expenditures before other financing sources</b>	 <u>(285,876)</u>	 <u>(213,882)</u>
 <b>Other financing sources:</b>		
Issuance of debt	86,832	91,069
Transfers in	214,079	127,000
Transfers out	-	(19,222)
<b>Total other financing sources</b>	<u>300,911</u>	<u>198,847</u>
 <b>Net change in fund balance</b>	 <u>15,035</u>	 <u>(15,035)</u>
 <b>Beginning fund balance</b>	 <u>(15,035)</u>	 <u>-</u>
 <b>Ending fund balance</b>	 <u>\$ -</u>	 <u>\$ (15,035)</u>

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

CITY OF MIAMI SPRINGS, FLORIDA  
 GOLF AND COUNTRY CLUB FUND  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCE  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Amounts reported for governmental activities in the statement of activities are different as a result of:		
Net change in fund balances	\$ 15,035	\$ (15,035)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital outlays	88,828	118,902
Less current year depreciation	(306,554)	(308,837)
The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Principal payments	102,642	76,881
Issuance of debt	<u>(86,832)</u>	<u>(91,069)</u>
Change in net assets	<u>\$ (186,881)</u>	<u>\$ (219,158)</u>

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

**CITY OF MIAMI SPRINGS, FLORIDA GOLF AND COUNTRY CLUB FUND  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Miami Springs, Florida Golf and Country Club Fund (the "Fund") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**A. Reporting Entity**

The City of Miami Springs, Florida Golf and Country Club Fund (the Fund), accounts for the finances of the Miami Springs Golf and Country Club (the Golf and Country Club). On June 17, 1997, the residents of Miami Springs approved the issuance of general obligation bonds totaling \$5,000,000 for the purchase and improvement of the Golf and Country Club from the City of Miami. The Fund accounts for the operations of an 18-hole golf course open for the general public.

Since inception, the Fund has required substantial contributions from the City's General Fund to cover operations since the charges for services were not sufficient to cover the operating costs of the Fund. During fiscal year ending September 30, 2004, the City decided to no longer report the Fund as an enterprise fund and transferred all assets of the Fund to the General Fixed Asset Account Group and started reporting the fund as a special revenue fund of the City.

On January 9, 2006, the City outsourced the Golf and Country Club's food and beverage operations to a third party.

The criteria for including component units consists of identification of legally separate organizations for which the elected officials of the City of Miami Springs, Florida (the City) and the Fund are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. At September 30, 2008 and 2007 the City had no entities that met the definition for inclusion as a blended or discretely presented component unit.

For financial reporting purposes, the Fund is a special revenue fund of the City of Miami Springs, Florida and is thus included in the City's comprehensive annual financial report as a major governmental fund.

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the Fund.

*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. Although the Fund reports business-type activities it still requires substantial contributions from the City's General Fund and therefore continues to be reported as a governmental fund of the City.

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 grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All revenues and expenses of the Fund are program revenue and expenses.

The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statement for the governmental fund.

**C. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The 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 Fund considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 Fund receives cash.

**D. Cash and Cash Equivalents**

The Fund’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**E. 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.

**F. Capital Assets**

Capital assets, which include buildings, improvements other than buildings, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Fund, as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as they are completed.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements other than buildings	20-30
Equipment	5-10

**G. Deferred Revenues**

The Fund defers an estimated portion of unearned annual pass fees as a liability at the end of the fiscal year. Annual pass fees received are recognized as revenue over the term of the membership.

## **H. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond 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.

## **I. 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).

## **J. Fund Balance/Net Assets**

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

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

In the government-wide financial statements, net assets represent the difference between assets and liabilities and are reported in three categories as hereafter described.

- Net assets invested in capital assets, net of related debt, represent capital assets, net of accumulated depreciation and any outstanding debt related to those assets.
- Net assets are reported as restricted when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors.
- Unrestricted net assets are net assets that do not meet the definitions of the classifications previously described.

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

## **K. 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 and the useful lives of capital assets. Although these 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. The Fund utilizes the estimates provided by the City of Miami, Florida for the useful lives on all capital assets.

## 2. DEPOSITS

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.

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, Florida bank certificates of deposit, and investments authorized by City Council.

The Fund's equity in the City's cash and investment pool as of September 30, 2008 and 2007 totaled \$48,394 and \$9,908; respectively.

## 3. RELATED PARTY TRANSACTION

During the fiscal years ended September 30, 2008 and 2007, the City transferred \$214,079 and \$107,778; respectively, to the Fund to cover operations. The yearly operating transfer to the Fund is approved by the City Council and is a material source of revenues for the Fund.

## 4. CAPITAL ASSETS

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

	Balance September <u>30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance September <u>30, 2008</u>
Governmental activities				
Capital assets being not being depreciated:				
Land	\$1,300,000	\$ -	\$ -	\$1,300,000
Total capital assets not being depreciated	1,300,000	-	-	1,300,000
Capital assets being depreciated:				
Building	2,965,944	-	-	2,965,944
Improvements other than building	1,504,856	-	-	1,504,856
Equipment	933,779	88,828	-	1,022,607
Total capital assets being depreciated	5,404,579	88,828	-	5,493,407
Less accumulated depreciation	(2,013,373)	(306,554)	-	(2,319,927)
Total capital assets being depreciated, net	3,391,206	(217,726)	-	3,173,480
Governmental activities capital assets, net	<u>\$4,691,206</u>	<u>\$(217,726)</u>	<u>\$ -</u>	<u>\$4,473,480</u>

Additions include primarily new grounds maintenance equipment secured via a capital lease.

#### 4. CAPITAL ASSETS (Continued)

	Balance October 1, <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	Balance September 30, 2007
Governmental activities					
Capital assets being not being depreciated:					
Land	\$1,300,000	\$ -	\$ -	\$ -	\$1,300,000
Construction in progress	<u>39,374</u>	-	-	<u>(39,374)</u>	-
Total capital assets not being depreciated	1,339,374	-	-	(39,374)	1,300,000
Capital assets being depreciated:					
Building	2,952,850	-	-	13,094	2,965,944
Improvements other than building	1,486,085	-	-	18,771	1,504,856
Equipment	<u>788,249</u>	<u>118,202</u>	-	<u>27,328</u>	<u>933,779</u>
Total capital assets being depreciated	<u>5,227,184</u>	<u>118,202</u>	-	<u>59,193</u>	<u>5,404,579</u>
Less accumulated depreciation	(1,704,536)	(308,837)	-	-	(2,013,373)
Total capital assets being depreciated, net	<u>3,522,648</u>	<u>(190,635)</u>	-	<u>59,193</u>	<u>3,391,206</u>
Governmental activities capital assets, net	<u>\$4,862,022</u>	<u>\$(190,635)</u>	-	<u>\$19,819</u>	<u>\$4,691,206</u>

The City's general fund contributed \$19,819 of capital expenditures during 2007.

#### 5. LONG TERM DEBT

##### General Obligation Bonds-Series 1997

On September 18, 1997, the City issued \$5,000,000 of General Obligation Bonds (the GO Bonds) with interest rates ranging from 4.00% to 5.10%, which mature on February 1, 2013, for the purchase and renovation of the Miami Springs Golf Course and Country Club from the City of Miami. The bonds are secured by a debt service millage levy of .3579 mills.

The GO Bonds are reported as general obligation debt in the City's statement of net assets. They are not reported as liabilities of the Fund and are payable from property tax collections based on the debt service millage. Debt service for the GO Bonds was approximately \$396,175 for the fiscal years ended September 30, 2008.

#### 5. LONG TERM DEBT (continued)

##### Capital Improvement Revenue Note

On May 1, 2006, the City executed a \$500,000 Capital Improvement Revenue Note with Wachovia Bank. The Note has an interest rate of 4.22%, matures on May 1, 2011, and is collateralized by all legally available non ad-valorem revenues of the City. Proceeds were used for the renovation and improvement of the City's golf course at a cost of \$150,000, \$200,000 to replace restrooms at the City's parks, and \$150,000 for upgrading city hall security. Under the terms of the Note, the City is required to make twenty (20) quarterly payments principal and interest in the amount of \$27,861 commencing on August 1, 2006 and ending with the final payment of \$27,861 on May 1, 2011. At September 30, 2008, the outstanding balance was \$385,073. The Golf and Country and Country Club Fund's share of the \$287,272 outstanding as of September 30, 2008 totaled \$86,182.

## 6. LEASES

### Capital Leases

The City has entered into several lease agreements, with local financial institutions, as lessee for financing the acquisition of machinery & equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of its future minimum lease payments as of the inception date. The gross amount of equipment leased and capitalized under these leases was approximately \$390,000.

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

	Year ending <u>September 30,</u>	
2009		\$95,446
2010		38,917
2011		<u>15,584</u>
Total minimum lease payments		149,947
Less: amount representing interest		
Interest (3.785% to 4.63% APR)		<u>(7,958)</u>
Present value of minimum Lease payments		<u>\$141,989</u>

### Operating Leases

The Fund leases equipment under non-cancelable operating leases. Total costs for such leases were \$57,618 for the fiscal year ended September 30, 2008.

The future minimum lease payments are as follows:

	Year ending <u>September 30,</u>	
2009		\$56,025
2010		<u>56,025</u>
Total		<u>\$112,050</u>

## 7. OPERATIONAL FOOD AND BEVERAGE AGREEMENT

On January 9, 2006, the City entered into an agreement (the Agreement) with Miami Springs Country Club F&B, Inc. (the Company) which authorized the Company to be the exclusive operator of all food and beverage services at the Miami Springs Golf and Country Club. The basis of the Agreement is that the City will transfer operational control of all non-golf related areas at the Country Club facility to the Company at no lease/rental cost and permit the Company to maintain full revenue and expense responsibility for all food and beverage functions of the facility. This relationship is a permitted operational alternative for the Country Club which transferred all profit and loss food and beverage responsibility to the Company while not impacting the tax free status of the municipal bonds utilized by the City in 1997 to purchase the Golf Course and Country Club facility.

The term of the agreement is for a five year period commencing on January 9, 2006. The agreement is not subject to any option or automatic renewal, but may be re-awarded to the Company or any third party following compliance with any and all selection procedures utilized by the City at the conclusion of the agreement.

The Agreement also calls for reimbursement of City renovation costs totaling \$30,000. Yearly payment of \$10,000 are due starting at the end of year three of the agreement (January 2009). Subsequent to year end, the City received its first reimbursement of \$10,000.

## **8. 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.

### **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.

## **9. RETIREMENT PLAN**

Employees of the Fund may participate in the City's General Employees' Retirement Plan, which is a defined benefit pension plan. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. The Pension Board of each the retirement plan is authorized to establish and amend benefit provisions. The plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. The report may be obtained by writing the City of Miami Springs, 201 Westward Drive, Miami Springs, Florida 33166.

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

	<u>Budget</u>	<u>Actual</u>	<b>Variance with Budget Positive (Negative)</b>
<b>Revenues</b>			
Green fees	\$ 1,033,923	\$ 976,446	\$ (57,477)
Memberships	125,435	117,271	(8,164)
Cart revenues	108,652	93,121	(15,531)
Range fees	131,004	112,824	(18,180)
Other	11,701	8,818	(2,883)
Merchandise sales	80,938	61,775	(19,163)
	<u>1,491,653</u>	<u>1,370,255</u>	<u>(121,398)</u>
 <b>Expenditures</b>			
Administrative	53,086	50,431	2,655
Pro shop	533,458	547,846	(14,388)
Maintenance	973,918	1,057,854	(83,936)
	<u>1,560,462</u>	<u>1,656,131</u>	<u>(95,669)</u>
 <b>Deficiency of revenues over expenditures before other financing sources</b>	 <u>(68,809)</u>	 <u>(285,876)</u>	 <u>(217,067)</u>
 <b>Other financing sources:</b>			
Issuance of debt	-	86,832	86,832
Transfers in	80,168	214,079	133,911
Transfers out	-	-	-
<b>Total other financing sources</b>	<u>80,168</u>	<u>300,911</u>	<u>220,743</u>
 <b>Net change in fund balance</b>	 <u>11,359</u>	 <u>15,035</u>	 <u>3,676</u>
 <b>Beginning fund balance</b>	 <u>-</u>	 <u>(15,035)</u>	 <u>-</u>
 <b>Ending fund balance</b>	 <u>\$ 11,359</u>	 <u>\$ -</u>	 <u>\$ 3,676</u>

**City of Miami Springs, Florida Golf and Country Club Fund**  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED SEPTEMBER 30, 2008

**A. Budgetary Information**

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

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because commitments will be re-appropriated and honored during the subsequent year.

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. The Fund's supplemental appropriations amounted to \$80,168 for the fiscal year ended September 30, 2008 and consist primarily of increases in maintenance expenditures.

For the year ended September 30, 2008, expenditures exceeded appropriations in the Fund by \$95,669. These over-expenditures were funded by interfund transfers from the City's General fund and proceeds from capital leases.

**CITY OF MIAMI SPRINGS, FLORIDA**  
**GOLF AND COUNTRY CLUB FUND**  
**SCHEDULES OF ADMINISTRATIVE EXPENDITURES**  
**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b><u>Operating Expenditures</u></b>		
Professional services- legal	\$ 545	\$ 2,046
Workers compensation	-	696
Utility services- electricity	11,859	17,523
Repairs and maintenance	1,844	5,722
Operating supplies	-	890
Risk management	33,242	41,539
Licenses and fees	356	424
Other expenditures	590	-
Capital outlay	1,995	12,046
<b>Total operating expenditures</b>	<u>\$ 50,431</u>	<u>\$ 80,886</u>

CITY OF MIAMI SPRINGS, FLORIDA  
GOLF AND COUNTRY CLUB FUND  
SCHEDULES OF MAINTENANCE EXPENDITURES  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b><u>Personnel Expenditures</u></b>		
Regular salaries	\$ 208,243	\$ 343,264
Payroll taxes	15,643	25,925
Pension	11,328	16,553
Medical insurance	25,902	36,614
Unemployment compensation	1,343	2,108
Worker's compensations	1,320	2,799
<b>Total Personnel Expenditures</b>	<u>263,779</u>	<u>427,263</u>
 <b><u>Operating Expenditures</u></b>		
Contractual services	267,547	29,983
Repairs and maintenance	46,543	39,797
Utilities	42,227	54,805
Operating supplies	166,333	155,085
Fuels, oils, and lubricants	47,888	31,274
Liability insurance	13,320	8,969
Telecommunications	720	559
Dues and subscriptions	790	1,250
Uniforms	1,465	1,282
Rentals and leases	7,322	8,403
<b>Total Operating expenditures</b>	<u>594,155</u>	<u>331,407</u>
 Improvements other than buildings	<u>86,833</u>	<u>105,346</u>
<b>Total Capital Outlay</b>	<u>86,833</u>	<u>105,346</u>
 Principal payments	102,642	76,881
Interest	10,445	11,944
Transfer to General Fund	-	19,222
<b>Total Debt Service</b>	<u>113,087</u>	<u>108,047</u>
 <b>Total Maintenance</b>	<u>\$ 1,057,854</u>	<u>\$ 972,063</u>

**CITY OF MIAMI SPRINGS, FLORIDA  
GOLF AND COUNTRY CLUB FUND  
SCHEDULES OF PRO-SHOP EXPENDITURES  
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b><u>Personnel Expenditures</u></b>		
Regular salaries	\$ 135,689	\$ 100,833
Part-time salaries	121,644	104,698
FICA taxes	19,734	15,723
Pension	7,619	5,643
Medical insurance	9,845	6,032
Worker's compensation	<u>878</u>	<u>1,457</u>
<b>Total personnel expenditures</b>	<u>295,409</u>	<u>234,386</u>
<b><u>Operating Expenditures</u></b>		
Contractual services	7,564	8,365
Rentals and leases	57,618	62,379
Repairs and maintenance	3,395	17,097
Promotions and advertising	31,313	39,916
Other charges- bank and credit charges	36,680	25,367
Operating supplies	6,722	6,487
Utility service- electricity	30,088	24,385
Utility service- water	948	686
Liability insurance	14,508	17,990
Telecommunications	8,079	8,168
Merchandise	40,163	44,872
Driving range	13,807	10,193
Office supplies	208	2,672
Dues and subscriptions	<u>1,344</u>	<u>487</u>
<b>Total operating expenditures</b>	<u>252,437</u>	<u>269,064</u>
Machinery and equipment	<u>-</u>	<u>1,510</u>
<b>Total capital outlay</b>	<u>-</u>	<u>1,510</u>
<b>Total Pro Shop</b>	<u>\$ 547,846</u>	<u>\$ 504,960</u>



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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 special purpose financial statements of the City of Miami Springs, Florida Golf and Country Club Fund ("Fund") a special revenue fund of the City of Miami Springs, Florida as of and for the year ended September 30, 2008, and have issued our report thereon dated February 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund'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 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 and management of the City of Miami Springs, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

*Alberni Caballero & Castellanos LLP*

February 6, 2009  
Coral Gables, Florida