

**CITY OF MIAMI SPRINGS, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2012**

Prepared by:  
**THE FINANCE DEPARTMENT**

**CITY OF MIAMI SPRINGS, FLORIDA**  
**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 23rd, 2013

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, 2012, pursuant to Section 218.39 of the Florida Statutes, Chapter 10.550 of the Rules of the Auditor General of the State of Florida, and the City Charter. The financial statements included in this report conform to generally accepted accounting principles in the United States of America ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The financial statements have been audited by Alberni Caballero & 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, 2012 and the overall rating for Fiscal Year 2012 is "Inconclusive". The "Inconclusive" rating is a result of the City using fund balance during the past three years for infrastructure improvements and to maintain low taxes for our residents during the current economy and recession.

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

The City Council and the Administration both recognize the importance of expanding the City's commercial tax 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 2012 are approximately the same as those levied 2011.

However, property values for 2012 were \$866,561,388 or a decrease of approximately \$6.1 million or 0.7% from the \$872,664,184 in final taxable value for the prior fiscal year. This is an indication that the decreases in property values have not yet started to level off.

In addition to the future of assessed valuations discussed above, the City faces other challenges for the Fiscal Year 2012-2013 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 \$286,456 required for Fiscal Year 2012. Second, in Fiscal Year 2012 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 during the next five years. These changes, along with the investment losses of prior years, have resulted in a significant increase in pension contributions for the City, for the first time in the City's history the pension contribution for Fiscal Year 2012-2013 will exceed \$1 million dollars. In order to address increasing pension costs, the City has hired a pension attorney to assist in developing pension alternatives that will hopefully decrease future pension costs.

The Administration's efforts in prior years to increase the City's reserves have provided the City with an adequate reserve fund that will be used to fund the various future infrastructure projects that our aging city will require. The City continues to concentrate efforts on reducing expenditures and/or increasing efficiencies in order to meet the challenges described above. The City has outsourced some operations for FY2012-2013 that resulted in cost reductions for the next fiscal year.

### **LONG TERM FINANCIAL PLAN**

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

The City is pursuing grant and other funding opportunities to provide needed infrastructure improvements to the City, including funding for a median bike path project, new pool and water park complex, and other public works projects. The 2012-2013 budget provides for the cost of the completion of the Curtiss Mansion renovation which will become a focal point for aviation training, seminars, and social events. The City is also developing pension plan alternatives in order to reduce the increasing pension costs which are causing a significant drain on City resources.

### **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.

## **FINANCIAL INFORMATION (Continued)**

### **Accounting Control (continued)**

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.

### **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 62.

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 instrument for Fiscal Year 2011-12 was 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 Fiscal Year 2012, the City earned \$32,628 in investment income, as compared to \$27,754 earned in fiscal year 2011.

The increase can be directly attributed to 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 \$ 89,893 at September 30, 2012. The 2012 balance includes a significant decrease in the unrealized loss to \$4,834 at the end of 2012 from \$27,986 in 2011; this was a contributing factor in the increase in 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, 2012:

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.



## **FINANCIAL INFORMATION (Continued)**

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

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, 2012 the rate was 0.916% and the outstanding balance was \$165,830.

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, 2012 was \$2,239,271.

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, 2012 was \$194,978.

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, 2012 was \$2,032,656.

### **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 2012-2013 budget provides for the cost of the completion of the Curtiss Mansion renovation which will become a focal point for aviation training, seminars, and social events. In addition, the City is providing funding for the scheduled replacement of certain police vehicles and other equipment, recreation maintenance equipment, and information technology upgrades.

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.

As discussed previously, the City has contracted with a renowned pension attorney in order to develop pension alternatives for both City pension plans. Pension costs have skyrocketed in the past three years and for the first time in the City's history, pension costs for Fiscal Year 2012-2013 will exceed \$1 million.

## 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

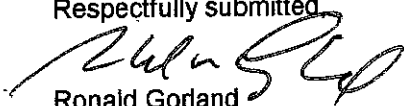
This year the City has applied for the Certificate of Achievement for Excellence in Financial Reporting awarded by the Governmental Finance Officers Association of the United States and Canada ("GFOA"). The Certificate of Achievement is a prestigious national award recognizing conformance with the highest 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.

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,

  
Ronald Gorland  
City Manager

  
William Alonso CPA, CGFO  
Assistant City Manager/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, 2011

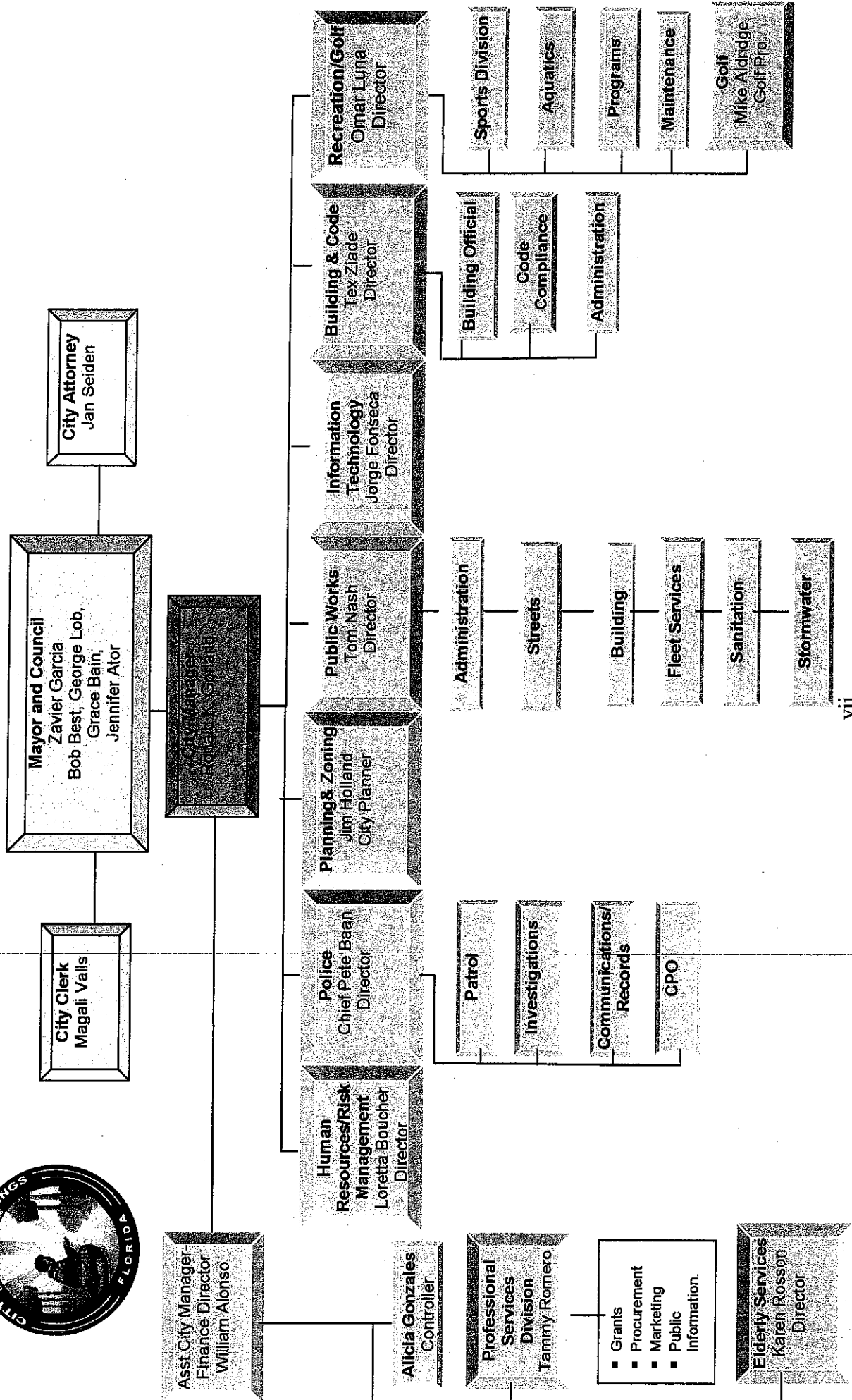
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



*Christopher P. Morice*  
President

*Jeffrey R. Emer*  
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

Councilwoman: Grace Bain

## **CITY MANAGER**

Ron Gorland

## **CITY ATTORNEY**

Jan K. Seiden

## **CITY CLERK**

Magali Valls

## **ASSISTANT CITY MANAGER/FINANCE DIRECTOR**

William Alonso CPA, CGFO

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## **EXTERNAL AUDITORS**

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

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## **FINANCIAL SECTION**

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

CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

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

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Miami Springs, Florida (the "City") as of and for the fiscal year ended September 30, 2012, 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 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, 2012, and the respective changes in financial position and, where applicable, cash flows, 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 January 22, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting 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, as 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's 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 combining non-major fund financial statements 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*

Alberni Caballero & Company, LLP  
Coral Gables, Florida  
January 22, 2013



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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, 2012. 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 \$27.7 million (net assets). \$3.8 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 \$1,544,875, from \$29,230,526 in FY2011 to \$27,685,650 in FY2012. The decrease is attributable to the overall decrease of \$232,145 from the City's business-type activities, coupled with a decrease of \$1,312,731 in net assets of the governmental activities.
- During the year, the City had expenses that were \$1,133,942 higher than the \$14.8 million generated in tax and other revenues for governmental funds.
- The business type activities for the City recognized an operating loss before non-operating revenues, expenses, and transfers of \$226,368.
- Total cost of all of the City's programs decreased by approximately \$387,000 or 2.4% with no new programs added this year. The decrease was due to decreases in payroll and operating costs.
- The General Fund's fund balance decreased by \$509,313 for the fiscal year ended September 30, 2012; this decrease was a result of additional appropriations made by Council during the year which included a General Fund subsidy of \$105,000 to the Curtiss Mansion Project to provide the working capital funds required to commence operations.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$3.4 million, or approximately 25% of total general fund expenditures. The committed fund balance was \$847,422 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 \$535,812 or 10.4% (net of principal payments on existing debt). This reduction was due primarily to principal payments during the year.

## FINANCIAL HIGHLIGHTS (continued)

- As part of the historic tax credit transaction, the City contributed the Curtis Mansion property to Miami Springs Properties, Inc., which is wholly owned by the City. The book value of the property, including land and improvements, was \$4,555,133 and is shown in the Statement of Net Assets as "Investment in MS Properties Inc".

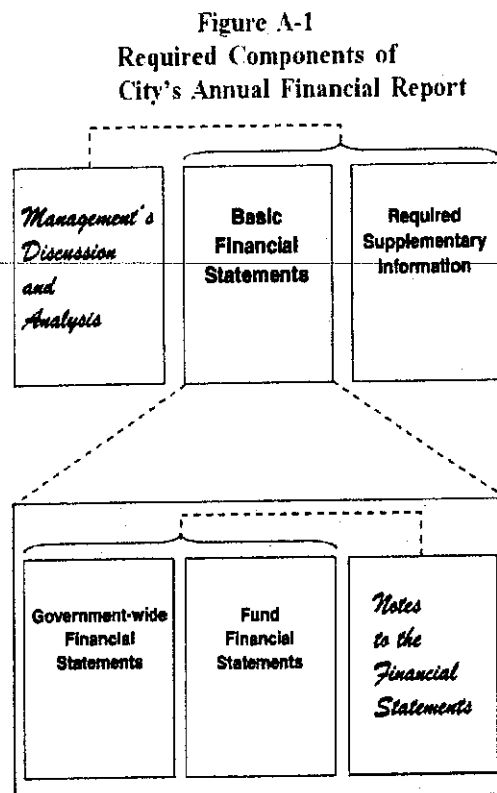
## OVERVIEW OF THE FINANCIAL STATEMENTS

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



## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Miami Springs is improving or deteriorating.

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

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

## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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.

**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 54 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 55 to 61 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 62 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 increase invested in capital assets, net of related debt.

The City's combined net assets decreased by 5.1% between fiscal years 2011 and 2012 (see Table 1).

**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

**Governmental Activities**

Net assets for the City's governmental activities decreased by \$1,312,731 or 5.2% to \$23.9 million which is attributable to current year operations. The largest portion of the City's governmental net assets, \$19.8 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 (\$1.5 million or 6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$2.6 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
	2011	2012	2011	2012	2011	2012	2011-2012
Current and other assets	\$ 8.1	\$ 11.4	\$1.5	\$1.4	\$ 9.6	\$ 12.8	33.3%
Capital assets	24.8	19.5	3.2	2.9	28.0	22.4	(20.0)%
<b>Total assets</b>	<b>32.9</b>	<b>30.9</b>	<b>4.7</b>	<b>4.3</b>	<b>37.6</b>	<b>35.2</b>	<b>(6.4)%</b>
Long-term debt	5.3	4.8	0.6	0.3	5.9	5.1	(13.6)%
Other liabilities	2.4	2.2	0.1	0.2	2.5	2.4	(4.0)%
<b>Total liabilities</b>	<b>7.7</b>	<b>7.0</b>	<b>0.7</b>	<b>0.5</b>	<b>8.4</b>	<b>7.5</b>	<b>(10.7)%</b>
Net assets							
Invested in capital assets, Net of related debt	20.0	19.8	2.9	2.7	22.9	22.5	(1.7)%
Restricted	2.1	1.5	-	-	2.1	1.5	(28.6)%
Unrestricted	3.1	2.6	1.1	1.1	4.2	3.7	(11.9)%
<b>Total net assets</b>	<b>\$ 25.2</b>	<b>\$ 23.9</b>	<b>\$4.0</b>	<b>\$3.8</b>	<b>\$29.2</b>	<b>\$27.7</b>	<b>(5.1)%</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 fund balance were used during FY2012 for the ongoing Curtiss Mansion renovation and other City-wide capital needs. This resulted in the corresponding decrease in current and other assets of \$1.4 million from FY2011.

**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:

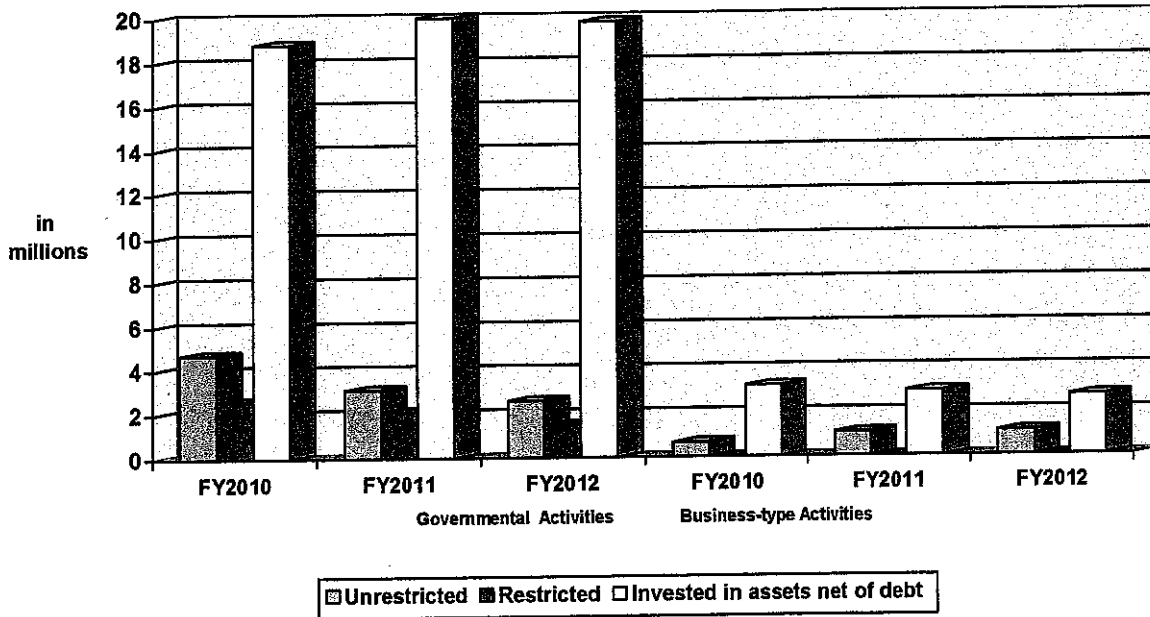
- 1) **Economic condition** can reflect a declining, stable or growing environment and has a substantial impact on property, non-ad valorem assessments, sales, gas, or other tax revenues as well as consumer spending habits for building permits, user fees and consumption.

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.

Figure A-2  
NET ASSETS COMPARISON



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 65% 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 \$1,544,875 to approximately \$27.7 million for the current fiscal-year. This is due to the use of available unrestricted net assets to fund additional appropriations made during the year.



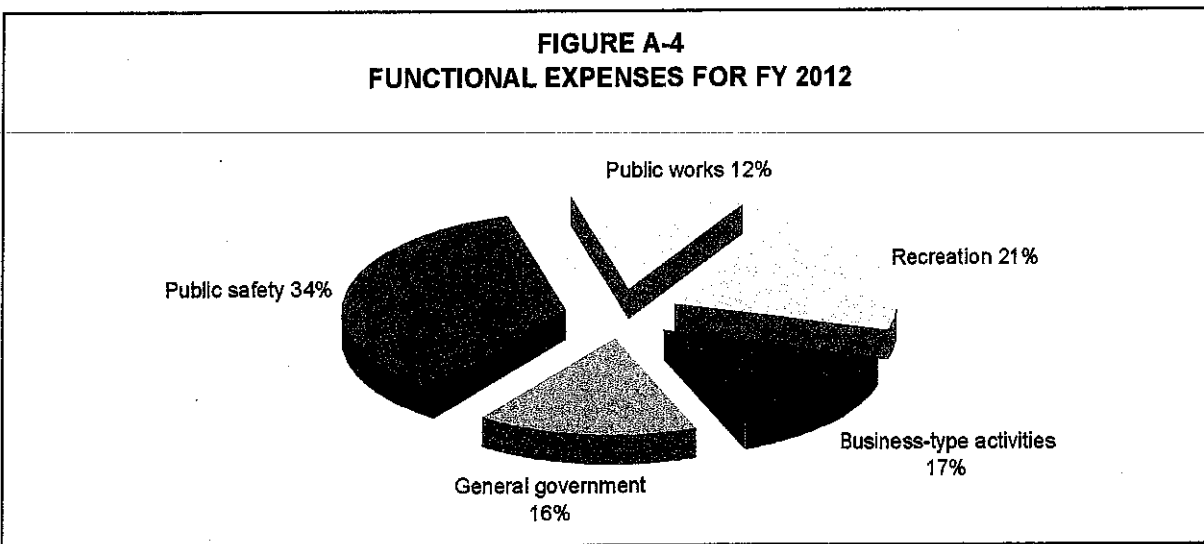
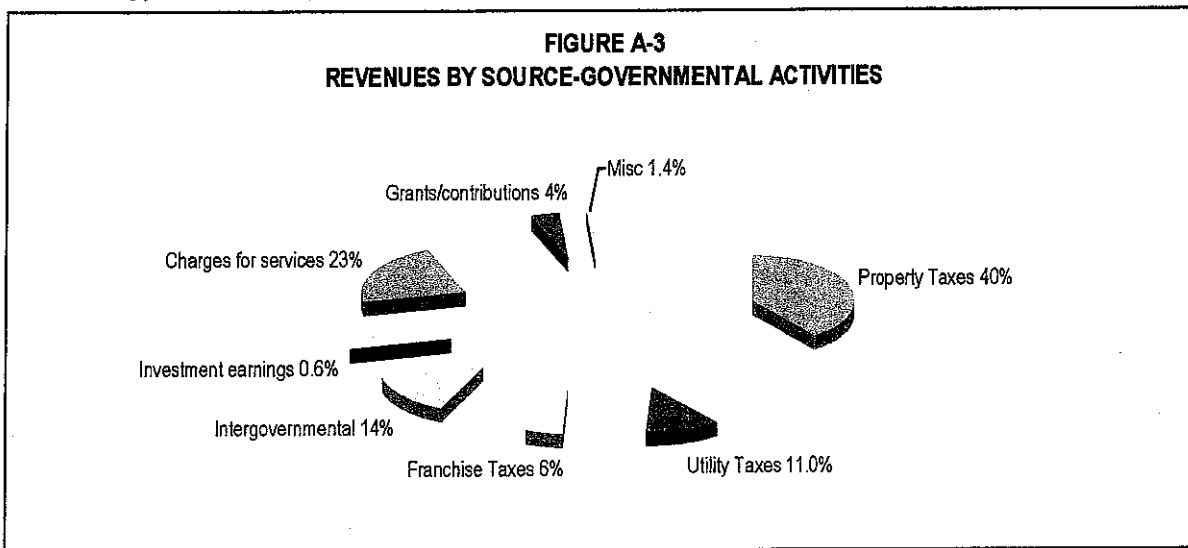
## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

### Governmental Activities (continued)

The City's total revenues decreased by 4.9% to \$17.3 million (see Table 2). This decrease was due primarily to decreases in capital grants related to the renovation of the Curtis Mansion commenced during FY2010.

Approximately 40% of the City's revenues come from property taxes, and 57 cents of every dollar raised comes from some type of tax (see Figure A-3). Another 23% comes from fees charged for services, and 14% comes from federal, state and local aid. Total costs of all programs and services decreased by approximately \$100,000, or 0.5% (see Table 2).

The City's expenses cover a range of services; with about 51% 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 5.1% (from \$15.6 million to \$14.8 million), while the expenses decreased 1.8% (\$16.4 million to \$16.1 million). The decrease in net assets for governmental activities was \$1,312,731 in 2012. This compares to a \$842,237 increase in 2011. Key elements of the 2012 decrease are as follows:

- Grant revenues decreased by \$1.1 million, or 92% 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:

- Public works decreased by approximately \$1 million or 30.3% due to reductions in staffing from outsourcing and reductions in capital projects.
- Economic and community development increased by approximately \$400,000 over 2011 due to renovation of the senior center and Curtis Mansion.
- Public Safety increased by approximately \$300,000 or 4.8% over 2011 due to higher fuel and pension costs.
- Recreation increased by approximately \$100,000 or 2.7% over 2011 due to higher fuel and operating costs.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2011	2012	2011	2012	2011	2012	2011-2012
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 2.8	\$3.3	\$2.6	\$2.5	\$5.4	\$5.8	7.4 %
Operating grants and contributions	.4	.5	--	--	.4	.5	25%
Capital grants and contributions	1.2	.1	-	--	1.2	.1	(91.7)%
<b>General revenues</b>							
Property taxes	6.0	5.8	--	--	6.0	5.8	(3.3)%
Franchise taxes	.9	.9	--	--	.9	.9	-%
Utility taxes	1.7	1.7	--	--	1.7	1.7	-%
Investment & other income	.6	.3	-	--	.6	.3	(66.7)%
Intergovernmental	2.0	2.2	--	--	2.0	2.2	10 %
<b>Total revenues</b>	<b>15.6</b>	<b>14.8</b>	<b>2.6</b>	<b>2.5</b>	<b>18.2</b>	<b>17.3</b>	<b>(4.9)%</b>
<b>Expenses</b>							
General government	2.9	2.9	--	--	2.9	2.9	-%
Public safety	6.2	6.5	--	--	6.2	6.5	4.8 %
Public works	3.3	2.3	2.5	2.7	5.8	5.0	(13.8)%
Parks and recreation	3.7	3.8	--	--	3.7	3.8	2.7 %
Economic & community development	.1	.5	--	--	.1	.5	400%
Interest on long-debt	.2	.1	--	--	.2	.1	(50)%
<b>Total expenses</b>	<b>16.4</b>	<b>16.1</b>	<b>2.5</b>	<b>2.7</b>	<b>18.9</b>	<b>18.8</b>	<b>(0.5)%</b>
<b>Increase (decrease) in net assets</b>	<b>\$(.8)</b>	<b>\$ (1.3)</b>	<b>\$ .1</b>	<b>\$ (.2)</b>	<b>\$(.7)</b>	<b>(1.5)</b>	<b>114%</b>

*Note: Totals may not add due to rounding.*

## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

### Governmental Activities (continued)

In FY 2012, the City's millage rate was 6.7400 compared to 6.4710 in FY 2011. The City's total general fund revenue sources were \$338,750 more than the final budgeted revenues of \$13.3 million. The total expenditures were less than budgeted by \$140,552 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 \$16.1 million. Some of that cost was financed by:
  - Those who directly benefited from the programs through charges for services (\$3.3 million)
  - Other governments and organizations that subsidized certain programs from operating grants and contributions (\$0.5 million) and capital grants and contributions (\$0.1 million).
- The City financed the remaining \$12.2 million "public benefit" portion of governmental activities with \$8.4 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
	2011	2012	2011-2012	2011	2012	2011-2012
Public safety	6.2	6.5	4.8%	\$ 5.8	\$ 5.8	-%
Recreation/social services	3.7	3.8	2.7%	2.3	2.1	(8.7)%
General government	2.9	2.9	-%	1.9	1.6	(15.8)%
Public works	3.3	2.3	(30.3)%	3.2	2.3	(28.1)%
Community development	.1	.5	40%	(1.3)	.4	130%
Interest on long term debt	.2	.1	50%	.2	.1	(50)%
Total	<u>\$16.4</u>	<u>\$16.1</u>	(1.9)%	<u>\$12.1</u>	<u>\$12.3</u>	1.6%

### Business-type Activities

For FY 2012, there was an increase of approximately \$18,925 in unrestricted net assets and a decrease of \$232,145 in total net assets reported in connection with the City's business-type activities.

Key elements of these changes are as follows:

- The operating loss for all business-type activities was \$226,368.

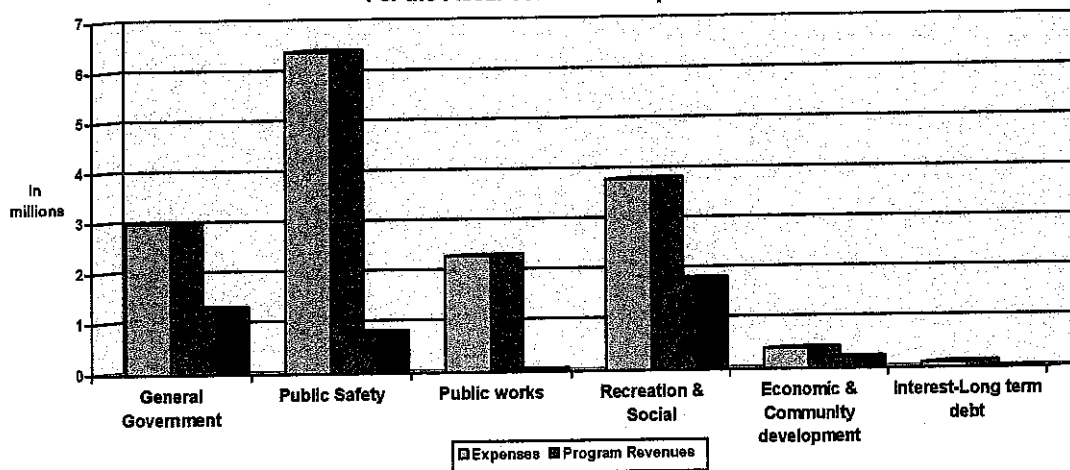
## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

### Business-type Activities (continued)

- The sanitation operation posted an operating loss of \$110,587. As was the case last year, this operation was self supporting and did not require a general fund subsidy.
- The stormwater utility operation reflected an operating loss of \$115,780, however this loss was funded from available fund balance and as such, it too required no subsidy from the City's general fund.

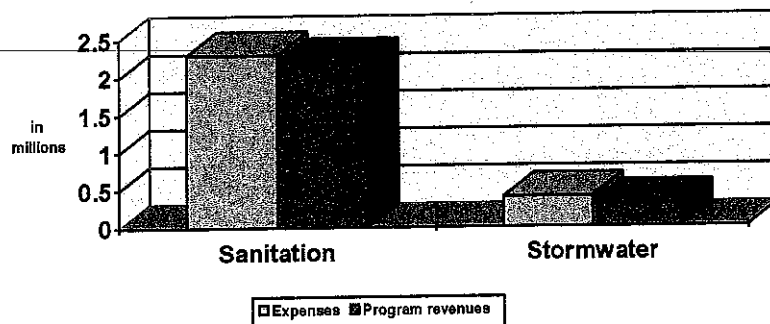
Revenues of the City's business-type activities decreased by approximately \$200,000 or 7.7% from the prior year total of \$2.6 million (see Table 2).

**FIGURE A-5**  
Expenses & Program Revenues-Governmental Activities  
For the Fiscal Year Ended September 30, 2012



**Figure A-6**

Expenses & Program Revenues-Business-type Activities  
For the fiscal Year Ended September 30, 2011



Operating expenses for the business-type activities increased by \$220,241 or 9% from FY2011 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 \$5.9 million, or a decrease of \$1.1 million compared to last year's combined fund balances of \$7.0 million.

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

Included in this year's total change, is a decrease in the General Fund balance of approximately \$509,313 which covered the operating loss for FY2012. 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 \$4.4 million, as compared with \$4.9 million in the prior year. The breakdown of fund balance classifications is as follows:

- Unassigned fund balance was \$3.4 million compared to \$3.6 million in FY2011; decrease was due to the deficit reported in current year activity.
- Committed was \$847,422 compared to \$1.2 million in FY2011; decrease is due to funds committed in prior year being used in FY2012 for the Curtiss Mansion renovation project, commercial revitalization work, and other appropriations made by Council during the year.
- Non-spendable was \$135,960 compared to \$139,625 last year; variance is due to the ending encumbrance balance for the current year.

During FY 2012, the General Fund provided a subsidy of \$123,326 to the Senior Center Fund to cover the operating deficits of this operation for the fiscal year.

When compared to 2011, total revenues for the General Fund increased by \$696,154 or 5.4%. Fines and forfeitures increased by approximately \$246,000 due to the installation of red light cameras during the fiscal year. Property taxes remained stagnant as assessed values continue to decrease.

In fiscal year 2012, total General Fund expenditures increased by \$190,933 or 1.4% compared to the prior year. The bulk of the increase was a \$487,204 or 8.3% increase in public safety services due to the increased costs for worker's compensation and pension. It should be noted that most 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 \$140,552 below final budgeted amounts. The most significant contributor to this variance was lower than budgeted expenditures in public works, of \$144,509 due to personnel reductions and outsourcing.

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

### General Fund Budgetary Highlights (continued)

Other significant savings occurred in general government of \$232,646, and recreation of \$44,496. These savings were due to lower than expected operating expenditures as well as personnel vacancies during the year.

The fiscal year 2012 final amended budget was \$14,141,185 or an increase of 3.5% over the original General Fund budget of \$13,660,949. 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 \$13,157,449 and \$542,153 in transfers from the Road and transportation fund, the final Adopted Budget was balanced by using \$509,313 of available fund balance. The original General Fund budget consisted of \$13,660,949 in base expenditures and \$481,025 in operating transfers to the other funds.

**Table 4  
General Fund Revenues**

<u>Revenue Sources</u>	<u>2012 Amount</u>	<u>Percent of Total</u>	<u>2011 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2011</u>	<u>Percentage Increase (Decrease)</u>
Property taxes	\$5,812,001	42.7%	\$5,576,976	43.2%	\$235,025	4.2%
Franchise fees	880,355	6.5%	890,519	6.9%	(10,164)	-1.1%
Utility taxes	1,029,432	7.6%	998,002	7.7%	31,430	3.1%
Communications services tax	668,966	4.9%	720,277	5.6%	(51,311)	-7.1%
Licenses and permits	488,148	3.6%	640,987	5.0%	(152,839)	-23.8%
Intergovernmental	1,888,959	13.9%	1,765,826	13.7%	123,133	7.0%
Charges for services	2,101,479	15.4%	1,908,461	14.8%	193,018	10.1%
Fines and forfeitures	455,545	3.3%	209,200	1.6%	246,345	117.8%
Investment income	29,701	0.2%	21,126	0.2%	8,575	40.6%
Rental revenues	128,799	0.9%	117,883	0.9%	10,916	9.3%
Other revenues	128,258	0.9%	66,233	0.5%	62,025	93.6%
<b>Total revenues</b>	<b>\$13,611,643</b>	<b>100.0%</b>	<b>\$12,915,490</b>	<b>100.0%</b>	<b>\$696,153</b>	<b>5.4%</b>

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

**Table 5  
General Fund Expenditures**

<u>Expenditures</u>	<u>2012 Amount</u>	<u>Percent of Total</u>	<u>2011 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2011</u>	<u>Percentage Increase (Decrease)</u>
General government services	\$2,612,271	18.7%	\$2,757,312	20.0%	(\$145,041)	-5.3%
Public safety	6,377,519	45.6%	5,890,315	42.7%	487,204	8.3%
Public works	1,903,820	13.6%	1,979,951	14.3%	(76,131)	-3.8%
Recreation and social services	3,107,021	22.2%	3,182,120	23.0%	(75,099)	-2.4%
<b>Total expenditures</b>	<b>\$14,000,631</b>	<b>100.0%</b>	<b>\$13,809,698</b>	<b>100.0%</b>	<b>\$190,933</b>	<b>1.4%</b>

## **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 \$590,740 and can be briefly summarized as follows:

- ◆ \$287,407 in encumbrances carried over from FY2010-11.
- ◆ \$303,333 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 \$338,750 for FY 2012.

The difference between the appropriations and the actual expenditures in the General Fund was approximately \$140,552 for fiscal year 2012. These variances are explained below:

- Lower than budgeted expenditures in public works, of \$144,509 due to reductions in staffing and outsourcing of some operations.
- Other significant savings occurred in general government of \$232,646 and recreation of \$44,496. These savings were due to lower than expected operating expenditures as well as personnel vacancies during the year.

### **Other Major Governmental Funds**

**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 FY2012 were \$80,050 compared to \$28,356 in FY2011. The fund balance decreased by \$12,775 to \$874,725 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 \$364,027 mainly from grant revenues received and transfers in from other funds of \$19,674. Expenditures for the year totaled \$412,181. The fund balance at year end was \$140,321 and will be appropriated in FY2013 for the completion of the Curtiss 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, 2012 decreased by \$5.5 million from the prior year. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, streets and median improvements, park facilities, and stormwater infrastructure.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2011	2012	2011	2012	2011	2012	2011-2012
Land	\$ 3.1	\$ 1.8	\$ -	\$ -	\$ 3.1	\$ 1.8	-41.9%
Buildings	9.6	9.5	0.0	0.0	9.6	9.5	-1.0%
Improvements other than buildings	1.5	1.3	0.0	0.0	1.5	1.3	-13.3%
Equipment	3.0	2.7	0.6	0.5	3.6	3.2	-11.1%
Infrastructure	4.2	3.9	2.5	2.4	6.7	6.3	-6.0%
Construction in progress	3.4	0.3	0.0	0.0	3.4	0.3	-91.2%
<b>Total</b>	<b>\$ 24.8</b>	<b>\$ 19.5</b>	<b>\$ 3.1</b>	<b>\$ 2.9</b>	<b>\$ 27.9</b>	<b>\$ 22.4</b>	<b>-19.7%</b>

This years major capital asset additions before depreciation for the governmental activities equaled approximately \$625,000 and includes the following:

- The City recognized construction in progress related to the Curtiss Mansion, city hall improvements, new playgrounds, and elderly center improvements.
- Scheduled replacement of certain police vehicles and other police equipment, public works trucks and equipment, and other citywide equipment.

Deletions of \$1,220,000 in land and \$3,335,133 in construction in progress are related to the contribution of the Curtis Mansion building to Miami Springs Properties, Inc., as part of the historic tax credit transaction.

The business-type activities reported no capital asset additions for the fiscal year.

Additional information on the City's capital assets can be found in Note 5 on pages 41 to 42 of this report.

**Long-term debt.** At year-end the City had \$4.2 million in notes payable and \$195,000 in capital leases payable, as shown in Table 7. Total debt decreased by approximately \$400,000 or 7.8%.

The debt position of the City is summarized below and is more fully explained in Note 6, Long-Term Debt, beginning on page 42.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2011	2012	2011	2012	2011	2012	2011-12
Notes payable	4.6	4.2	0.2	0.2	4.8	4.4	-8.3%
Capital lease payable	0.1	0.1	0.2	0.2	0.3	0.3	0.0%
<b>Total</b>	<b>\$ 4.7</b>	<b>\$ 4.3</b>	<b>\$ 0.4</b>	<b>\$ 0.4</b>	<b>\$ 5.1</b>	<b>\$ 4.7</b>	<b>-7.8%</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.

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 2013 adopted General Fund budget are \$13.5 million, an increase of approximately 2.3% from the FY 2012 actual revenues of \$13.2 million. State revenue sharing and franchise/utility taxes will account for most of this expected increase.

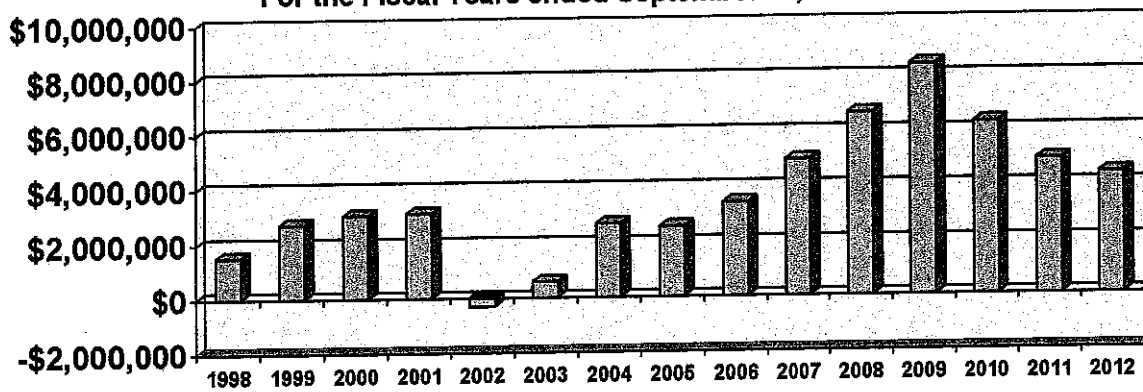
Fiscal year 2013 budgeted expenditures and transfers are expected to be \$14 million, or 4.7%, less than the fiscal year 2012 actual of \$14.7 million. Given the current economic conditions, the City's budgetary General Fund balance is expected to report a modest decrease in FY2012-13.

During the current fiscal year, the total fund balance in the General Fund was \$4.4 million compared to \$4.9 million from last year. This \$4.4 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 FY2011-2012 fiscal year, however, a portion of the unassigned fund balance was used for fund certain infrastructure projects, equipment purchases, repairs, and other Council approved appropriations.

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.

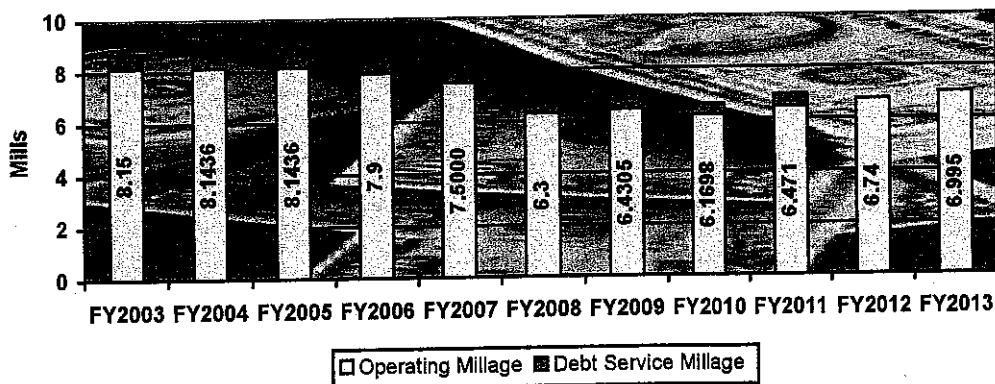
The operating millage rate for tax year 2012, which is collected in fiscal year 2013, is 6.9995 or \$6.9995 per thousand dollars of taxable value. Overall, the adopted budget is an economical and prudent financial plan that will ensure quality public services and needed capital improvements for all residents, both today and in the future.

**Figure A-7**  
**General Fund Unrestricted Surplus (Deficit)**  
**For the Fiscal Years ended September 30, 1998-2012**



Property values for fiscal year 2012 were \$884,170,680 or an increase of approximately \$11.5 million or 1.3% from the \$872,664,184 in final taxable value for the prior fiscal year.

**Figure A-8**  
**Total City Millage**



## 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, 2012

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and equity in pooled cash and investments	\$ 4,506,377	\$ 1,314,421	\$ 5,820,798
Accounts receivable - net	837,841	81,469	919,310
Inventories	135,960	-	135,960
Investment in MS Properties Inc.	4,555,133	-	4,555,133
Net pension asset	149,843	-	149,843
Restricted assets:			
Cash and equity in pooled cash and investments	1,214,550	-	1,214,550
Capital assets:			
Land	1,865,904	-	1,865,904
Construction in progress	294,183	-	294,183
Building	13,044,022	-	13,044,022
Equipment	7,436,487	1,673,606	9,110,093
Improvements other than building	3,402,540	4,348,542	7,751,082
Infrastructure	<u>16,472,647</u>	<u>-</u>	<u>16,472,647</u>
Total capital assets	42,515,783	6,022,148	48,537,931
Less accumulated depreciation	<u>(22,989,565)</u>	<u>(3,074,947)</u>	<u>(26,064,512)</u>
Total capital assets - net	<u>19,526,218</u>	<u>2,947,200</u>	<u>22,473,420</u>
Total assets	<u>30,925,923</u>	<u>4,343,090</u>	<u>35,269,013</u>

<b><u>LIABILITIES</u></b>			
Accounts payable and accrued expenses	448,110	12,173	460,283
Accrued payroll	282,727	51,523	334,250
Unearned revenue	73,401	-	73,401
Noncurrent liabilities:			
Due within One Year:			
Bonds and Loans Payable	437,950	110,339	548,289
Compensated Absences	965,677	61,457	1,027,134
Due in More Than One Year:			
Bonds and Loans Payable	<u>3,870,595</u>	<u>213,850</u>	<u>4,084,445</u>
Compensated Absences	509,038	36,366	545,404
Other Post Employment Benefits	<u>439,782</u>	<u>70,374</u>	<u>510,156</u>
Total liabilities	<u>7,027,280</u>	<u>556,083</u>	<u>7,583,363</u>

<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	19,772,805	2,623,012	22,395,817
Restricted for:			
Law Enforcement	874,725	-	874,725
Capital Projects	140,321	-	140,321
Debt service	62,417	-	62,417
Roads and transportation	418,562	-	418,562
Unrestricted	<u>2,629,815</u>	<u>1,163,995</u>	<u>3,793,810</u>
Total net assets	<u>\$ 23,898,643</u>	<u>\$ 3,787,007</u>	<u>\$ 27,685,650</u>

See notes to basic financial statements

**CITY OF MIAMI SPRINGS, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Governmental activities:</b>						
General government	\$ 2,828,349	\$ 1,297,685	\$ -	\$ -	\$ (1,530,665)	\$ (1,530,666)
Public safety	6,515,529	464,149	289,829	-	(5,761,551)	(5,761,551)
Public works	2,269,979	15,007	-	-	(2,254,972)	(2,254,972)
Recreation and social services	3,839,722	1,550,131	198,366	10,086	(2,081,138)	(2,081,138)
Economic and community development	518,325	17,225	4,884	136,355	(359,860)	(359,860)
Interest on long-term debt	140,282	-	-	-	(140,282)	(140,282)
<b>Total governmental activities</b>	<b>16,112,186</b>	<b>3,344,197</b>	<b>493,079</b>	<b>146,441</b>	<b>(12,128,468)</b>	<b>(12,128,468)</b>
<b>Business-type activities:</b>						
Sanitation	2,272,342	2,155,918	-	-	-	(116,424)
Stormwater	410,416	293,196	-	-	-	(117,220)
<b>Total business activities</b>	<b>2,682,758</b>	<b>2,449,114</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(233,645)</b>
<b>Total</b>	<b>\$ 18,794,944</b>	<b>\$ 5,793,311</b>	<b>\$ 493,079</b>	<b>\$ 146,441</b>	<b>\$ (12,128,468)</b>	<b>\$ (12,362,111)</b>
<b>General revenues:</b>						
Property taxes, levied for general purpose					\$ 5,812,001	\$ 5,812,000
Utility taxes					1,698,398	1,698,399
Franchise fees on gross receipts					880,356	880,355
Intergovernmental (unrestricted)					2,161,892	2,161,891
Investment income					31,128	32,622
Other					231,964	231,966
<b>Total general revenues</b>					<b>10,815,738</b>	<b>10,817,233</b>
Change in net assets					(1,312,731)	(1,544,871)
Net assets, October 1					25,211,374	29,230,521
Net assets, September 30					\$ 23,898,643	\$ 27,685,651

See notes to basic financial statements

**CITY OF MIAMI SPRINGS, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2012**

	<u>Major Funds</u>					Total Governmental Funds
	<u>General</u>	LETF <u>Fund</u>	Capital <u>Projects</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>	
<b><u>ASSETS</u></b>						
Cash and equity in pooled cash and investments	\$ 4,149,161	\$ -	\$ 294,799	\$ 62,417	\$ 4,506,377	
Accounts receivable - net	704,759	-	-	133,082	837,841	
Inventories	135,960	-	-	-	135,960	
Due from other funds	12,845	-	-	-	12,845	
Restricted assets:						
Cash and equity in pooled cash and investments	-	874,974	-	339,576	1,214,550	
<b>Total assets</b>	<b>\$ 5,002,725</b>	<b>\$ 874,974</b>	<b>\$ 294,799</b>	<b>\$ 535,075</b>	<b>\$ 6,707,574</b>	
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
Accounts payable	\$ 202,107	\$ 250	\$ 154,478	\$ 36,314	\$ 393,149	
Accrued payroll	277,791	-	-	4,937	282,728	
Due to other funds	-	-	-	12,845	12,845	
Other liabilities	54,961	-	-	-	54,961	
Deferred revenues	73,401	-	-	-	73,401	
<b>Total liabilities</b>	<b>608,260</b>	<b>250</b>	<b>154,478</b>	<b>54,096</b>	<b>817,084</b>	
<b><u>FUND BALANCES</u></b>						
Nonspendable	135,960	-	-	-	135,960	
Restricted	-	874,725	-	62,417	937,142	
Committed	847,422	-	140,321	-	987,743	
Assigned	-	-	-	418,562	418,562	
Unassigned	3,411,083	-	-	-	3,411,083	
<b>Total fund balances</b>	<b>4,394,465</b>	<b>874,725</b>	<b>140,321</b>	<b>480,979</b>	<b>5,890,490</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 5,002,725</b>	<b>\$ 874,974</b>	<b>\$ 294,799</b>	<b>\$ 535,075</b>	<b>\$ 6,707,574</b>	

See notes to basic financial statements

**CITY OF MIAMI SPRINGS, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2012**

Fund balances - total government funds (Page 22) \$ 5,890,490

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	42,515,783
Less accumulated depreciation	(22,989,565)

Net pension asset	149,843
OPEB liability	(439,782)
Investment in MS Properties, Inc.	4,555,133

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

Notes payable	(4,308,545)
Compensated absences	(1,474,715) <u>(5,783,260)</u>

Net assets of governmental activities (Page 20) \$ 23,898,643



**CITY OF MIAMI SPRINGS, FLORIDA**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	LETF Fund	Capital Projects		
<b>Revenues:</b>					
Taxes and franchise fees	\$ 6,692,356	\$ -	\$ -	\$ -	\$ 6,692,356
Charges for services	2,101,479	-	-	32,032	2,133,511
Public service taxes	1,698,398	-	-	-	1,698,398
Intergovernmental	1,888,959	-	97,257	705,892	2,692,108
Licenses and permits	488,148	-	-	-	488,148
Fines and forfeitures	455,545	78,769	-	-	534,314
Investment income	29,701	1,281	-	146	31,128
Other	257,057	-	266,770	5,666	529,493
<b>Total revenues</b>	<b>13,611,643</b>	<b>80,050</b>	<b>364,027</b>	<b>743,736</b>	<b>14,799,456</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	2,611,211	-	-	-	2,611,211
Public safety	6,315,878	86,452	-	-	6,402,330
Public works	1,823,384	-	-	-	1,823,384
Recreation and social services	2,978,494	-	-	414,880	3,393,374
Economic and community development	-	-	175,311	334,432	509,743
<b>Debt service:</b>					
Principal retirement	-	-	-	428,297	428,297
Interest and fiscal charges	-	-	-	140,282	140,282
<b>Capital outlay:</b>					
General government	1,060	-	-	-	1,060
Public safety	61,641	6,373	-	43,751	111,765
Public works	80,436	-	-	-	80,436
Recreation and social services	128,527	-	-	-	128,527
Economic and community development	-	-	236,870	66,119	302,989
<b>Total expenditures</b>	<b>14,000,631</b>	<b>92,825</b>	<b>412,181</b>	<b>1,427,761</b>	<b>15,933,398</b>
Deficiency of revenues over expenditures before other financing (uses) sources	(388,988)	(12,775)	(48,154)	(684,025)	(1,133,943)
<b>Other financing sources (uses):</b>					
Transfers in	542,153	-	19,674	642,804	1,204,631
Transfers out	(662,478)	-	-	(542,153)	(1,204,631)
<b>Total other financing sources (uses)</b>	<b>(120,325)</b>	<b>-</b>	<b>19,674</b>	<b>100,651</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(509,313)</b>	<b>(12,775)</b>	<b>(28,480)</b>	<b>(583,374)</b>	<b>(1,133,942)</b>
Fund balances - beginning	4,903,778	887,500	168,801	1,064,353	7,024,432
Fund balances - ending	\$ 4,394,465	\$ 874,725	\$ 140,321	\$ 480,979	\$ 5,890,490

See notes to basic financial statements

**CITY OF MIAMI SPRINGS, FLORIDA**  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

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

Net change in fund balances - total government funds (Page 24) \$ (1,133,942)

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	\$ 624,777	
Less current year depreciation	(1,283,137)	(658,360)

Net effect of various miscellaneous transactions involving capital assets (ie:sales, trade-ins, capital outlay not meeting threshold) (8,030)

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

Change in OPEB liability		(51,599)
Change in Net Pension Asset		22,807
Change in Compensated Absences		88,096

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		<u>428,297</u>
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Change in net assets of governmental activities (Page 21) \$ (1,312,731)

# CITY OF MIAMI SPRINGS, FLORIDA

## STATEMENT OF NET ASSETS

### PROPRIETARY FUNDS

SEPTEMBER 30, 2012

<u>ASSETS</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
<b>Current assets:</b>			
Cash and equity in pooled cash and investments	\$ 659,958	\$ 654,462	\$ 1,314,421
Accounts receivable - net	11,911	69,558	81,469
<b>Total current assets</b>	<b>671,869</b>	<b>724,020</b>	<b>1,395,890</b>
<b>Non-current assets:</b>			
<b>Capital assets:</b>			
Equipment	1,462,255	211,351	1,673,606
Infrastructure	-	4,348,542	4,348,542
<b>Total capital assets</b>	<b>1,462,255</b>	<b>4,559,893</b>	<b>6,022,149</b>
Less accumulated depreciation	(933,241)	(2,141,706)	(3,074,947)
<b>Total capital assets - net</b>	<b>529,014</b>	<b>2,418,188</b>	<b>2,947,201</b>
<b>Total noncurrent assets</b>	<b>529,014</b>	<b>2,418,188</b>	<b>2,947,201</b>
<b>Total assets</b>	<b>1,200,883</b>	<b>3,142,208</b>	<b>4,343,091</b>
 <u>LIABILITIES</u>			
<b>Current liabilities:</b>			
Accounts payable	11,597	577	12,174
Accrued liabilities	48,896	2,627	51,523
Current portion of notes payable	68,883	41,456	110,339
Compensated absences	54,400	7,057	61,457
<b>Total current liabilities</b>	<b>183,776</b>	<b>51,717</b>	<b>235,493</b>
<b>Non-current liabilities:</b>			
OPEB Liability	56,203	14,171	70,374
Notes payable	89,476	124,374	213,850
Compensated absences	35,667	699	36,366
<b>Total noncurrent liabilities</b>	<b>181,346</b>	<b>139,244</b>	<b>320,590</b>
<b>Total liabilities</b>	<b>365,122</b>	<b>190,961</b>	<b>556,084</b>
 <u>NET ASSETS</u>			
Invested in capital assets, net of related debt	370,654	2,252,358	2,623,012
Unrestricted	465,107	698,889	1,163,995
<b>Total net assets</b>	<b>\$ 835,761</b>	<b>\$ 2,951,246</b>	<b>\$ 3,787,007</b>

See notes to basic financial statements

**CITY OF MIAMI SPRINGS, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND TYPES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

Business-type Activities -  
Enterprise Funds

	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 2,155,918	\$ 293,196	\$ 2,449,114
Total operating revenues	<u>2,155,918</u>	<u>293,196</u>	<u>2,449,114</u>
Operating expenses:			
Administrative costs	1,314,043	168,500	1,482,542
Operations and maintenance	290,679	91,499	382,178
Disposal and recycling costs	607,710	-	607,710
Depreciation and amortization	<u>54,074</u>	<u>148,978</u>	<u>203,052</u>
Total operating expenses	<u>2,266,505</u>	<u>408,976</u>	<u>2,675,482</u>
Operating loss	<u>(110,587)</u>	<u>(115,780)</u>	<u>(226,368)</u>
Non-operating revenues (expenses):			
Interest income	1,008	492	1,500
Interest expense and fees	<u>(5,837)</u>	<u>(1,440)</u>	<u>(7,277)</u>
Total non-operating expenses	<u>(4,829)</u>	<u>(948)</u>	<u>(5,777)</u>
Change in net assets	(115,417)	(116,728)	(232,145)
Total net assets, October 1	<u>951,178</u>	<u>3,067,974</u>	<u>4,019,152</u>
Total net assets, September 30	<u>\$ 835,761</u>	<u>\$ 2,951,246</u>	<u>\$ 3,787,007</u>

See notes to basic financial statements.

**CITY OF MIAMI SPRINGS, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>			
Cash received from customers, governments and other funds	\$ 2,183,367	\$ 247,340	\$ 2,430,707
Cash paid to suppliers	(1,232,563)	(121,963)	(1,354,525)
Cash paid to employees	(521,837)	(73,796)	(595,633)
Payments for interfund services used	<u>(450,000)</u>	<u>(55,000)</u>	<u>(505,000)</u>
Net cash used in operating activities	<u>(21,033)</u>	<u>(3,419)</u>	<u>(24,452)</u>
<b>Cash Flows From Capital And Related Financing Activities:</b>			
Principal retirements of capital debt	(66,058)	(41,458)	(107,516)
Interest paid on capital debt	<u>(5,837)</u>	<u>(1,440)</u>	<u>(7,277)</u>
Net cash used in capital and related financing activities	<u>(71,895)</u>	<u>(42,898)</u>	<u>(114,793)</u>
<b>Cash Flows From Investing Activities:</b>			
Interest and other income	<u>1,008</u>	<u>492</u>	<u>1,500</u>
Net cash provided by investing activities	<u>1,008</u>	<u>492</u>	<u>1,500</u>
Net Decrease In Pooled Cash and Investments	(91,920)	(45,825)	(137,744)
Pooled Cash And Investments, October 1	<u>751,878</u>	<u>700,287</u>	<u>1,452,165</u>
Pooled Cash And Investments, September 30	<u>\$ 659,958</u>	<u>\$ 654,462</u>	<u>\$ 1,314,421</u>
<b>Reconciliation Of Operating Loss To Net Cash Provided By Operating Activities:</b>			
Operating loss	<u>\$ (110,587)</u>	<u>\$ (115,780)</u>	<u>\$ (226,368)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization	54,074	148,978	203,052
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	27,449	(45,856)	(18,407)
(Decrease) increase in accounts payable	(13,213)	570	(12,643)
Increase (Decrease) in accrued liabilities	26,357	-	26,357
Increase (Decrease) in compensated absences	(21,026)	1,293	(19,733)
Increase (Decrease) in OPEB liabilities	<u>15,913</u>	<u>7,376</u>	<u>23,289</u>
Total adjustments	<u>89,555</u>	<u>112,361</u>	<u>201,916</u>
Net Cash Used in Operating Activities	<u>\$ (21,033)</u>	<u>\$ (3,419)</u>	<u>\$ (24,452)</u>

See notes to basic financial statements

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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, 2012.

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, 2012 the City had one entity that met the definition for inclusion as a blended component unit.

**Blended Component Unit** – Miami Springs Properties, Inc. (MSPI) was incorporated during fiscal year 2012 and is a wholly owned subsidiary of the City and a blended component unit of the City. MSPI has a calendar year end and its first year of operations will be for the year ended December 31, 2012.

**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*.

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

**B. Government-wide and fund financial statements (Continued)**

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.

**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 **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.



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

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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, 2012 was 0.94896811. 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.

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

**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."

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, 2012 was 6.7400 mills (\$6.74 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**

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 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.

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

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

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. Net Assets**

In accordance with GASB Statement No. 34, total equity as of September 30, 2012, is classified into three components of net assets:

- **Invested in capital assets, net of related debt:** This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.
- **Restricted net assets:** This category consists of net assets restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law, through constitutional provisions or enabling legislation.
- **Unrestricted net assets:** This category includes all of the remaining net assets that do not meet the definition of the other two categories.

**Reconciliation of Capital Assets, Net of Related Debt**

Capital assets - net	\$ 19,526,217
Bonds and loans payable	(4,308,545)
Investment in MS Properties, LLC	<u>4,555,133</u>
Invested in capital assets, net of related debt	<u>\$ 19,772,805</u>

**N. Fund Balance-Governmental Funds**

As of September 30, 2012, fund balances of the governmental funds are classified as follows:

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**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.

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

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

**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.

As of September 30, 2012, fund balances are composed of the following:

	General Fund	Major Special Revenue Fund LETF	Major Capital Projects Fund Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Inventories	\$ 135,960	\$ -	\$ -	\$ -	\$ 135,960
<b>Restricted for:</b>					
Law enforcement	-	874,725	-	-	874,725
Debt service	-	-	-	62,417	62,417
Transit & Transportation	-	-	-	418,562	418,562
<b>Committed to:</b>					
Hurricane contingency	500,000	-	-	-	500,000
Pool improvements	258,542	-	-	-	258,542
Golf course improvements	85,880	-	-	-	85,880
Westward Median Bike Path	3,000	-	-	-	3,000
Curtiss Mansion renovation	-	-	140,321	-	140,321
<b>Unassigned:</b>	3,411,083	-	-	-	3,411,083
<b>Total fund balances</b>	<b>\$ 4,394,465</b>	<b>\$ 874,725</b>	<b>\$ 140,321</b>	<b>\$ 480,979</b>	<b>\$ 5,890,490</b>

	General Fund	Major Special Revenue Fund LETF	Major Capital Projects Fund Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund balances:</b>					
Nonspendable	\$ 135,960	\$ -	\$ -	\$ -	\$ 135,960
Restricted	-	874,725	-	-	1,355,704
Committed	847,422	-	140,321	-	987,743
Assigned	-	-	-	-	-
Unassigned	3,411,083	-	-	-	3,411,083
<b>Total fund balances</b>	<b>\$ 4,394,465</b>	<b>\$ 874,725</b>	<b>\$ 140,321</b>	<b>\$ 480,979</b>	<b>\$ 5,890,490</b>

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

**O. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, OPEB, 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.

**P. 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, 2012, 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.

**Q. 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.

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

For the fiscal year ended September 30, 2012, the City complied, in all material respects, with these revenue restrictions.

### Excesses of expenditures over appropriations

For the fiscal year ended September 30, 2012 expenditures exceeded appropriations in the General fund for the following departments; City attorney \$503, police \$302,116, Information Technology \$12,245, public works-administration \$38,094, public works-streets & sidewalks \$13,480, public works-building maintenance \$7,442, public works-fleet maintenance \$4,685, recreation-golf administration \$133, and recreation-golf pro shop \$18,493. These over-expenditures were funded by greater than anticipated revenues in the General fund.

For the fiscal year ended September 30, 2012 expenditures exceeded appropriations in the Law Enforcement Trust fund in capital outlay \$6,373. These over-expenditures were funded by greater than anticipated revenues in the Law Enforcement Trust fund.

For the fiscal year ended September 30, 2012 expenditures exceeded appropriations in the Senior Center fund in capital outlay-recreation and social services \$62,644. These over-expenditures were funded by greater than anticipated revenues in the Senior Center fund.

For the fiscal year ended September 30, 2012 expenditures exceeded appropriations in the Road and Transportation fund in public works \$184,625 and capital outlay-public works \$7,399. These over-expenditures were funded by greater than anticipated revenues in the Road and Transportation fund and available fund balance.

For the fiscal year ended September 30, 2012 expenditures exceeded appropriations in the Debt Service Trust fund in principal retirement \$699. These over-expenditures were funded by available fund balance.

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

**Excesses of expenditures over appropriations (Continued)**

For the fiscal year ended September 30, 2012 expenditures exceeded appropriations in the Capital Projects fund in economic and community development \$104,991. These over-expenditures were funded by greater than anticipated revenues in the Capital Projects 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, 2012, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
BB&T Money Market	\$ 4,912,150	1
Certificates of Deposit	700,000	286
State Board of Administration	<u>89,893*</u>	1
Total Fair Value	<u>\$ 5,702,043</u>	
Portfolio weighted average maturity		<u>36</u>
* Net of unrealized loss of \$4,834		

At September 30, 2012, the City's investment in the State Pool (SBA) consisted of Fund B in the amount of \$89,893.

*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, 2012, the portfolio's weighted average maturity was 36 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, 2012 was 4.08 years.



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

*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. In a 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, 2012. 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. At September 30, 2012 the Fair Value factor for Fund B was .94896811.

*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, 2012, 12% 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 \$1,325,449. The bank balance of the City's deposits as of September 30, 2012 was \$1,645,710.

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

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

<u>Per Statement of Net Assets</u>		<u>By Category</u>	
Cash and equity in pooled cash and investments	\$ 5,820,798	Cash	\$ 7,856
Restricted assets:		Deposits	1,325,449
Cash and cash equivalents	<u>1,214,550</u>	Investments	<u>5,702,043</u>
	<u>\$ 7,035,348</u>		<u>\$7,035,348</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>	Non-major <u>Governmental</u>	Total <u>Receivables</u>
Governmental activities			
Accounts	\$ 79,935	\$ -	\$ 79,935
Taxes	548,295	102,538	650,833
Other	121,908	30,544	152,452
Gross receivables	750,138	133,082	883,220
Less: Allowance for Uncollectibles	(45,380)	-	(45,380)
Net total receivables	<u>\$ 704,759</u>	<u>\$ 133,082</u>	<u>\$ 837,841</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	\$192,633	\$ 82,874	\$275,507
Less: Allowance for Un-collectibles	<u>(180,722)</u>	<u>(13,316)</u>	<u>(194,038)</u>
Net total receivables	<u>\$11,911</u>	<u>\$ 69,558</u>	<u>\$81,469</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, 2012, *unearned revenue* in the governmental funds amounted to \$73,401 representing FY 2012-13 occupational licenses that were paid in advance.

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	\$180,722
Uncollectibles related to stormwater fees	13,316
Total uncollectibles of the current fiscal year	<u>\$194,038</u>

Payables at September 30, 2012 were as follows:

	<u>Vendors</u>
Governmental activities:	
General	\$ 202,106
LETF	250
Capital Projects	154,478
Nonmajor funds	36,314
Total governmental activities	<u>\$ 393,148</u>
Business-type activities:	
Sanitation	11,597
Stormwater	577
Total business-type activities	<u>\$ 12,174</u>

## 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2012 was as follows:

	Balance October 1, 2011	Additions	Deletions*	Transfers	Balance September 30, 2012
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 3,085,904	\$ -	\$(1,220,000)	\$ -	\$ 1,865,904
Construction in progress	<u>3,363,688</u>	<u>486,726</u>	<u>(3,335,133)</u>	<u>(221,098)</u>	<u>294,183</u>
Total capital assets not being depreciated	<u>6,449,592</u>	<u>486,726</u>	<u>(4,555,133)</u>	<u>(221,098)</u>	<u>2,160,087</u>
Capital assets being depreciated:					
Building	12,966,456	-	-	77,566	13,044,022
Infrastructure	16,432,672	-	-	39,975	16,472,647
Improvements other than buildings	3,402,540	-	-	-	3,402,540
Machinery and equipment	<u>7,352,441</u>	<u>138,051</u>	<u>(157,562)</u>	<u>103,557</u>	<u>7,436,487</u>
Total capital assets being depreciated	<u>40,154,109</u>	<u>138,051</u>	<u>(157,562)</u>	<u>221,098</u>	<u>40,355,696</u>
Less accumulated depreciation for:					
Building	(3,335,057)	(204,695)	-	-	(3,539,752)
Infrastructure	(12,217,803)	(402,588)	-	-	(12,620,391)
Improvements other than buildings	(1,935,789)	(152,223)	-	-	(2,088,012)
Machinery and equipment	<u>(4,367,315)</u>	<u>(523,631)</u>	<u>-</u>	<u>149,536</u>	<u>(4,741,410)</u>
Total accumulated depreciation	<u>(21,855,964)</u>	<u>(1,283,137)</u>	<u>-</u>	<u>149,536</u>	<u>(22,989,565)</u>
Total capital assets being depreciated, net	<u>18,298,145</u>	<u>(1,145,086)</u>	<u>(157,562)</u>	<u>370,634</u>	<u>17,366,131</u>
Governmental activities capital assets, net	<u>\$ 24,747,737</u>	<u>\$ (658,360)</u>	<u>\$ (4,712,695)</u>	<u>\$ 149,536</u>	<u>\$ 19,526,218</u>

	Balance October 1, 2011	Additions	Disposal and Transfers	Balance September 30, 2012
Business-type activities				
Capital assets being depreciated:				
Infrastructure	\$4,348,542	-	-	\$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>6,022,148</u>	<u>-</u>	<u>-</u>	<u>6,022,148</u>
Less accumulated depreciation for:				
Infrastructure	(1,805,709)	(147,335)	-	(1,953,044)
Machinery and equipment	<u>(1,066,186)</u>	<u>(55,717)</u>	<u>-</u>	<u>(1,1251,903)</u>
Total accumulated depreciation	<u>(2,871,895)</u>	<u>(203,052)</u>	<u>-</u>	<u>(3,074,947)</u>
Total capital assets being depreciated, net	<u>3,150,253</u>	<u>(203,052)</u>	<u>-</u>	<u>2,947,200</u>
Business activities capital assets, net	<u>\$ 3,150,253</u>	<u>\$ (203,052)</u>	<u>\$ -</u>	<u>\$ 2,947,200</u>

\* Deletions of \$1,220,000 in land and \$3,335,133 in construction in progress are related to the contribution of the Curtiss Mansion building to Miami Springs Properties, Inc., as part of the historic tax credit transaction.

**5. CAPITAL ASSETS (CONTINUED)**

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

General government	\$ 220,970
Public Safety	143,698
Public works	457,327
Recreation and social services	452,560
Economic and community development	<u>8,582</u>
Total depreciation expense – governmental activities	<u>\$1,283,137</u>
 Business- type activities	
Sanitation	54,074
Stormwater	<u>148,978</u>
Total depreciation expense – business- type activities	<u>\$ 203,052</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 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, 2012, the rate was 0.586% and the outstanding balance was \$165,830.

**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, 2012 was \$2,239,271.

**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, 2012 was \$2,032,656.

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

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>
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	119,711	67,690	350,649	12,556	470,360	80,246
2018-2022	672,814	264,190	358,987	4,218	1,031,801	268,408
2023-2027	815,974	121,030	-	-	815,974	121,030
2028-2032	<u>195,711</u>	<u>4,503</u>	-	-	<u>195,711</u>	<u>4,503</u>
Total, net	<u>\$2,239,271</u>	<u>\$771,952</u>	<u>\$2,032,656</u>	<u>\$146,575</u>	<u>\$4,271,927</u>	<u>\$ 918,527</u>

At September 30, 2012 and for the period then ended, the City had complied with the provisions of its bond indenture agreements.

**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, 2012, were as follows:

	<u>Year ending September 30,</u>
2013	89,868
2014	89,868
2015	<u>22,467</u>
Total minimum lease payments	202,203
Less: amount representing interest	
Interest at 2.95% APR	<u>(7,276)</u>
Present value of minimum Lease payments	<u>\$ 194,927</u>

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

	<u>Governmental Activities</u>
Machinery and equipment	416,647
Less: Accumulated depreciation	<u>(139,389)</u>
	<u>\$ 277,258</u>

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

Long-term debt activity for the year ended September 30, 2012 was as follows:

	October 1, 2011	Additions	Reductions	September 30, 2012	Due within One Year
<b>Governmental Activities</b>					
Bonds and notes payable:					
Sales Tax Revenue Refunding Note	2,344,430	-	(311,774)	2,032,656	319,188
Capital Improvement Refunding Revenue Note	2,339,279	-	(100,008)	2,239,271	102,604
Capital leases	53,132	-	(16,514)	36,618	16,158
Total bonds and notes payable	<u>4,736,841</u>	-	<u>(428,296)</u>	<u>4,308,545</u>	<u>437,950</u>
Other liabilities:					
Compensated absences	1,562,812	444,077	(532,173)	1,474,715	965,677
Governmental activity long-term liabilities	<u>\$ 6,299,653</u>	<u>\$ 444,077</u>	<u>\$ (960,469)</u>	<u>\$ 5,783,260</u>	<u>\$ 1,403,627</u>
<b>Business-type activities</b>					
Bonds and notes payable:					
Capital leases	224,417	-	(66,057)	158,360	68,883
Note payable Miami-Dade County	207,288	-	(41,458)	165,830	41,456
Total bonds and notes payable	<u>431,705</u>	-	<u>(107,515)</u>	<u>324,190</u>	<u>110,339</u>
Other liabilities:					
Compensated absences	117,556	62,415	(82,148)	97,823	61,457
Business-type activities Long-term liabilities	<u>\$ 549,261</u>	<u>\$ 62,415</u>	<u>\$ (189,663)</u>	<u>\$ 422,013</u>	<u>\$ 171,796</u>

7. **INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund balances for the fiscal year ended September 30, 2012 are as follows:

	Interfund Receivable	Interfund Payable
General	\$12,845	\$ -
Elderly Services	-	12,845
	<u>\$12,845</u>	<u>\$12,845</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the fiscal year ended September 30, 2012 are as follows:

	Transfers In**	Transfers Out**
General	\$542,153	\$662,478
Transportation	-	542,153
Elderly Services	123,326	-
Capital Projects	19,674	-
Debt Service	519,478	-
	<u>\$1,204,631</u>	<u>\$1,204,631</u>

7. **INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)**

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

- Operating subsidies from the General fund of \$123,326 to the Senior Center and \$19,674 the Capital Projects Fund to complete the renovation of the Curtiss mansion project. Transfers out also include \$519,478 in transfers to the Debt Service Fund to cover debt service payments.
- \$542,153 was transferred from the Road and Transportation Fund to the General Fund representing closeout of balance of local option gas taxes that are now being accounted for in the General fund.

8. **EMPLOYEE RETIREMENT PLANS**

**(1) Plan Description**

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

**(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 with the City contributing any additional amount up to 15%, when the annual contribution is greater than 15% of payroll, the amount over 15% is shared equally by the City and the members. The covered payroll for plan members for the year ended September 30, 2012 was approximately \$3,221,566. Annual contributions are actuarially determined as specified by the Retirement Ordinance as of October 1<sup>st</sup>.

**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>.

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

**(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 year ended September 30, 2012 was as follows:

Annual required contribution	\$(364,282)
Interest on net pension asset	4,655
Adjustment to annual required contribution	<u>(9,260)</u>
Annual pension cost	(368,887)
Contributions made	<u>364,282</u>
Decrease in net pension asset	(4,605)
Net pension asset, beginning of year	<u>59,679</u>
Net pension asset, end of year	<u>\$ 55,074</u>

The annual required contribution for the current year was determined based on an October 1, 2011 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 7.7% 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 actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Three-Year Trend Information

Fiscal Year <u>Ended</u>	Annual Pension Cost (APC)	% of Annual Pension Cost Contribution (APC)	Net Pension Asset
9/30/10	182,086	97.4	64,850
9/30/11	217,690	97.6	59,679
9/30/12	368,887	98.8	55,074

**Police & Firefighters**

The City's Annual Pension Cost and net pension asset to the Police & Firefighters' Plan for the years ended September 30, 2012 were as follows:

Annual required contribution	\$(475,428)
Interest on net pension asset	8,086
Adjustment to annual required contribution	<u>(16,986)</u>
Annual pension cost	(484,328)
Contributions made	<u>475,428</u>
Decrease in net pension asset	(8,900)
Net pension asset, beginning of year	<u>103,669</u>
Net pension asset, end of year	<u>\$ 94,769</u>

The annual required contribution for the current year was determined based on an October 1, 2011 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 7.7% a year compounded annually, (ii) projected salary increases ranging from 5% to 10%. Both (i) and (ii) include an inflation component of 3%.



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

**Police & Firefighters (Continued)**

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 Pension Cost	Net Pension
<u>Ended</u>	<u>Cost (APC)</u>	<u>Contribution (APC)</u>	<u>Asset</u>
9/30/10	358,184	98.2	78,493
9/30/11	332,207	107.6	103,669
9/30/12	484,328	98.2	94,769

**(4) Funded Status and Funding Progress**

The funded status of the Plans as of October 1, 2011 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)
10/1/11	14,316,041	15,232,512	916,471	94.0	3,221,566	28.4

**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)
10/1/11	22,377,116	26,067,780	3,690,664	85.8	2,700,275	136.7

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

Additional information as of the latest actuarial valuation follows:

	<u>General Employees</u>	<u>Police &amp; Firefighters' Plan</u>
Valuation date	October 1, 2011	October 1, 2011
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar, Closed	Level Dollar, Closed
Remaining amortization period	23 Years	23 Years
Asset valuation method	5 Year Smoothed Market	5 Year Smoothed Market
Actuarial assumptions:		
Investment rate of return	7.70%	7.70%
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

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

**(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.

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, 2012, there were two plan members, the City Manager, and the Assistant City Manager/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 \$60,302 for the fiscal year ended September 30, 2012.

**9. 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.

## 9. RISK MANAGEMENT (CONTINUED)

### 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 participated in Miami Dade County's self insured workmen's compensation program until June 30, 2012 at which time the City became fully insured by the Florida League of Cities. Premiums are billed quarterly for new claims, the City is separately responsible for future costs of those claims that were still open as of the turnover date with our prior insurer.

## 10. 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.

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

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 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, 2011.

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, 2011) premium contributions required to be paid by retirees for continued coverage.

Premiums Paid by Retirees* as of October 1, 2011		
Plan	Retiree Only	Retiree and Spouse
HMO	\$480.27	\$1,066.23
POS	\$503.39	\$1,117.57

\*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.

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

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 2012, the City contributed \$60,710 to the plan.

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

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of

GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The City's annual OPEB cost for the fiscal year ended 2012, the fifth year of implementation of GASB Statement 45, and the related information for each plan are as follows:

Annual required contribution	\$ 183,145
Interest on net OPEB obligation	13,586
Adjustment to annual required contribution	<u>(14,048)</u>
Annual OPEB cost	182,683
Contributions made	60,710
Increase in net OPEB obligation	<u>121,973</u>
Net OPEB obligation—beginning of year	388,183
Net OPEB obligation—end of year	<u>\$510,156</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 2012 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2010	\$145,699	25.20%	\$286,560
09/30/2011	\$150,987	32.70%	\$388,183
09/30/2012	\$182,683	33.23%	\$510,156

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

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, 2012.

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%
10/1/2011	\$ 0	\$1,823,433	\$1,823,433	0%	\$7,087,665	25.73%

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

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

Actuarial valuation date	10/01/2011
Amortization method	Level percent, closed
Remaining amortization period	26 years
Actuarial assumptions:	
Discount rate	3.50%
Payroll growth assumption	4.00%
Mortality table	1983 Group Annuity Mortality
Inflation rate	3.0%
Investment return	3.5%
Projected salary increases-general	4% to 8% based on service
Projected salary increases-police	5% to 10% based on service
Healthcare cost trend rate:	

Year of increase	Medical/Rx
2013	7.5%
2014	7.0%
2015	6.5%
2016	6.0%
2017	5.5%
Thereafter	5.0%

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

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 2012 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.

**11. CURTISS MANSION RESTORATION AND REDEVELOPMENT PROJECT**

The Curtiss Mansion (the Mansion) is a two story deltoid-shaped and multi-massed example of Pueblo-Mission Revival architecture. Built in 1925 by Glen Curtiss as his private residence, the Mansion was originally called "Dar-en-aha," meaning the house of contentment. The Mansion was designated as a historic site in 1987 and was placed on the National Register of Historic sites in 2001.

The City executed a management and operation agreement for the Mansion with Curtiss Mansion, Inc. (CMI), a Florida non-profit corporation, in September 2000. Under this agreement, CMI is responsible for all fundraising activities necessary to fund the necessary renovations to the Mansion. These funds would be raised from grants and outside parties. Renovations to the Mansion began in 2009 and were completed in December 2012.

On June 8, 2012, the City entered into a sixty-five year ground lease with Miami Springs Landlord, LLC (MSL, LLC) for the Mansion property. MSL, LLC prepaid the entire term of the lease for \$1. A nineteen year master lease agreement was then entered into between MSL, LLC and Miami Springs Master Tenant, LLC (MSMT, LLC) on June 8, 2012. MSL, LLC intends to rehabilitate the Mansion in a manner that qualifies for the historic rehabilitation tax credit allowed for qualified rehabilitation expenditures incurred in connection with the "certified rehabilitation" of a "certified historic structure" (the "Historic Tax Credits") pursuant to Section 47 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"). MSMT, LLC has been formed to lease the Mansion from the MSL, LLC pursuant to the terms of the lease. MSL, LLC and MSMT, LLC have executed or will execute a certain Credit Pass-Through Agreement (the "Credit Pass-Through Agreement") of even date herewith pursuant to which the MSL, LLC will elect Section 50 of the Code to pass-through to the MSMT, LLC the Historic Tax Credits, to which MSL, LLC is otherwise entitled as a result of the rehabilitation of the Mansion. As of September 30, 2012, approximately \$746,000 tax credit contributions had been received by MSMT, LLC.

A lease for Curtiss Mansion operations between MSMT, LLC and CMI was entered into in June 8, 2012. The lease shall be for a period of five years. The lease may be subject to renewal upon expiration on such terms and conditions as are mutually agreeable to the parties at that time.

On June 8, 2012, an operating agreement was entered into between MSL, LLC, Miami Springs Properties, Inc. (a wholly owned subsidiary of the City and a blended component unit of the City) (MSPI) and MSMT, LLC. The agreement states that the ground lease entered into between the City and MSL, LLC shall first be deemed a contribution of the Mansion by the City to MSPI and second a contribution of the Mansion by MSPI to MSL, LLC.

In accordance with the ground lease and operating agreement, the City contributed the Mansion's land and building with a book value of \$4,555,133 to Miami Springs Properties, Inc. (a wholly owned subsidiary of the City and a blended component unit of the City) during the fiscal year ended September 30, 2012. The contribution was reported as an "Investment in MS Properties, Inc." on the government-wide Statement of Net Assets.

**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.

**12. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**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.

**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, 2012. The City also leases office equipment and office space under non-cancelable operating leases. Total costs for such leases were \$34,860 for the fiscal year ended September 30, 2012.

The future minimum lease payments are as follows:

Year ending  
September 30,

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2013	\$ 96,456
2014	<u>26,930</u>
Total	<u>\$ 123,386</u>

**13. SUBSEQUENT EVENTS**

Management evaluated subsequent events from October 1, 2012 through January 22, 2013, the date that the financial statements were available to be published. No events were identified during this review of subsequent events that required adjustment to or disclosure within these financial statements.



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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, 2012**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Taxes and franchise fees	\$ 6,696,261	\$ 6,696,261	\$ 6,692,356	\$ (3,905)
Charges for services	1,653,454	1,653,454	2,101,479	448,025
Public service taxes	1,755,000	1,755,000	1,698,398	(56,602)
Intergovernmental	1,805,258	1,806,890	1,888,959	82,069
Licenses and permits	607,300	607,300	488,148	(119,152)
Fines and forfeitures	308,000	308,000	455,545	147,545
Investment income	79,000	79,000	29,701	(49,299)
Other	253,176	366,987	257,057	(109,930)
<b>Total revenues</b>	<u>13,157,449</u>	<u>13,272,892</u>	<u>13,611,643</u>	<u>338,750</u>
<b>Expenditures:</b>				
<b>General government:</b>				
Council	104,401	219,302	94,338	124,964
City Clerk	269,646	298,176	285,368	12,808
City Manager	718,961	689,572	686,462	3,110
City Attorney	141,000	156,000	156,503	(503)
Human Resources	188,338	211,641	199,895	11,746
Planning	131,420	143,620	130,472	13,148
Finance	633,336	799,498	719,880	79,618
Information Technology	333,269	327,108	339,353	(12,245)
<b>Total general government</b>	<u>2,520,371</u>	<u>2,844,917</u>	<u>2,612,271</u>	<u>232,646</u>
<b>Public safety:</b>				
Police	5,399,857	5,476,395	5,778,510	(302,115)
Building & Code Enforcement	619,004	620,026	599,009	21,017
<b>Total public safety</b>	<u>6,018,861</u>	<u>6,096,421</u>	<u>6,377,519</u>	<u>(281,098)</u>
<b>Public works:</b>				
Administration	398,468	406,631	444,725	(38,094)
Streets & sidewalks	302,388	310,388	323,868	(13,480)
Properties	1,011,097	1,020,146	811,936	208,210
Building maintenance	195,382	285,163	292,605	(7,442)
Fleet maintenance	26,000	26,000	30,686	(4,686)
<b>Total public works</b>	<u>1,933,335</u>	<u>2,048,328</u>	<u>1,903,820</u>	<u>144,508</u>
<b>Recreation:</b>				
Administration	1,437,640	1,395,243	1,391,496	3,747
Aquatics	267,352	267,353	258,638	8,715
Tennis	30,726	32,449	26,876	5,573
Park maintenance	109,698	107,277	87,507	19,770
Golf Administration	22,596	22,596	22,729	(133)
Golf Pro Shop	524,348	527,848	546,341	(18,493)
Golf Maintenance	796,022	798,753	773,434	25,319
<b>Total recreation</b>	<u>3,188,382</u>	<u>3,151,519</u>	<u>3,107,021</u>	<u>44,498</u>
<b>Total expenditures</b>	<u>13,660,949</u>	<u>14,141,185</u>	<u>14,000,631</u>	<u>140,554</u>

Continued

**CITY OF MIAMI SPRINGS, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(503,500)</u>	<u>(868,293)</u>	<u>(388,988)</u>	<u>198,196</u>
Other financing sources (uses):				
Transfers in	984,525	984,525	542,153	(442,372)
Transfers out	<u>(481,025)</u>	<u>(706,972)</u>	<u>(662,478)</u>	<u>44,494</u>
Total other financing sources	<u>503,500</u>	<u>277,553</u>	<u>(120,325)</u>	<u>(397,878)</u>
Net change in fund balance	-	(590,740)	(509,313)	81,427
Fund balances, October 1	<u>4,903,778</u>	<u>4,903,778</u>	<u>4,903,778</u>	-
Fund balances, September 30	<u>\$ 4,903,778</u>	<u>\$ 4,313,038</u>	<u>\$ 4,394,465</u>	<u>\$ 81,427</u>

See notes to budgetary comparison schedule

**CITY OF MIAMI SPRINGS, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**LETF FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 78,769	\$ 78,769
Investment income	10,000	10,000	1,281	(8,719)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>80,050</u>	<u>70,050</u>
Expenditures:				
Public safety	137,577	142,353	86,452	55,901
Capital outlay	-	-	6,373	(6,373)
Total expenditures	<u>137,577</u>	<u>142,353</u>	<u>92,825</u>	<u>49,528</u>
Excess (deficiency) of revenues over expenditures	<u>(127,577)</u>	<u>(132,353)</u>	<u>(12,775)</u>	<u>119,578</u>
Net change in fund balance	(127,577)	(132,353)	(12,775)	119,578
Fund balances, October 1	<u>887,500</u>	<u>887,500</u>	<u>887,500</u>	<u>-</u>
Fund balances, September 30	<u>\$ 759,923</u>	<u>\$ 755,147</u>	<u>\$ 874,725</u>	<u>\$ 119,578</u>

See notes to budgetary comparison schedule

**CITY OF MIAMI SPRINGS, FLORIDA**  
NOTE TO BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED SEPTEMBER 30, 2012

**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 Council 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 Council 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 both major funds, the General fund and the Law Enforcement Trust fund. The City also adopts budgets for the Road and Transportation, Senior Center and Debt Service funds all of which are non-major governmental funds, as well as the business-type 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 \$706,183 for the fiscal year ended September 30, 2012 and consist primarily of the roll-forward of encumbrances from FY 2011, increases in transfers to other funds, and other miscellaneous appropriations for new equipment and citywide renovations.

For the fiscal year ended September 30, 2012 expenditures exceeded appropriations in the General fund for the following; City attorney \$503, police \$302,116, Information Technology \$12,245, public works-administration \$38,094, public works-streets & sidewalks \$13,480, public works-building maintenance \$7,442, public works-fleet maintenance \$4,685, recreation-golf administration \$133, and recreation-golf pro shop \$18,493. These over-expenditures were funded by greater than anticipated revenues in the General fund.

**CITY OF MIAMI SPRINGS, FLORIDA**  
**NOTE TO BUDGETARY COMPARISON SCHEDULE**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**A. Budgetary Information (Continued)**

For the fiscal year ended September 30, 2012 expenditures exceeded appropriations in the Law Enforcement Trust fund in capital outlay \$6,373. These over-expenditures were funded by greater than anticipated revenues in the Law Enforcement Trust fund.

For the fiscal year ended September 30, 2012 expenditures exceeded appropriations in the Senior Center fund in capital outlay-recreation and social services \$62,644. These over-expenditures were funded by greater than anticipated revenues in the Senior Center fund.

For the fiscal year ended September 30, 2012 expenditures exceeded appropriations in the Road and Transportation fund in public works \$184,625 and capital outlay-public works \$7,399. These over-expenditures were funded by greater than anticipated revenues in the Road and Transportation fund and available fund balance.

For the fiscal year ended September 30, 2012 expenditures exceeded appropriations in the Debt Service Trust fund in principal retirement \$699. These over-expenditures were funded by available fund balance.

For the fiscal year ended September 30, 2012 expenditures exceeded appropriations in the Capital Projects fund in economic and community development \$104,991. These over-expenditures were funded by greater than anticipated revenues in the Capital Projects 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)
10/1/06	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
10/1/11	14,316,041	15,232,512	916,471	94.0	3,221,566	28.4

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)
10/1/06	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
10/1/11	22,377,116	26,067,780	3,690,664	85.8	2,700,275	136.7

**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>
9/30/06	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
9/30/11	364,282	100.0

Police & Firefighters' Pension Fund:

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
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	325,216	109.9
9/30/11	475,428	100.0



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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.

**Road and Transportation Fund** – This fund is used to account for expenditures related to road and transportation improvements.

**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.

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**CITY OF MIAMI SPRINGS, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2012**

	<u>Special Revenue Funds</u>			<u>Debt Service</u>	<u>Total</u>
	<u>Senior</u>	<u>Road and</u>	<u>Total</u>	<u>Debt</u>	<u>Nonmajor</u>
	<u>Center</u>	<u>Transportation</u>	<u></u>	<u>Service</u>	<u>Governmental</u>
	<u></u>	<u></u>	<u></u>	<u></u>	<u>Funds</u>
<u>ASSETS</u>					
Cash and equity in pooled cash and investments	\$ 29,310	103,772	\$ 133,082	\$ 62,417	\$ 62,417
Accounts receivable - net	-	-	-	-	133,082
Restricted assets:					
Cash and equity in pooled cash and investments	-	339,576	339,576	-	339,576
Total assets	<u>\$ 29,310</u>	<u>\$ 443,348</u>	<u>\$ 472,658</u>	<u>\$ 62,417</u>	<u>\$ 535,075</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 11,528	\$ 24,786	\$ 36,314	\$ -	\$ 36,314
Accrued payroll	4,937	-	4,937	-	4,937
Due to other funds	12,845	-	12,845	-	12,845
Total liabilities	<u>29,310</u>	<u>24,786</u>	<u>54,096</u>	<u>-</u>	<u>54,096</u>
<u>FUND BALANCES</u>					
Restricted	-	-	-	62,417	62,417
Assigned	-	418,562	418,562	-	418,562
Total fund balances	<u>-</u>	<u>418,562</u>	<u>418,562</u>	<u>62,417</u>	<u>480,979</u>
Total liabilities and fund balances	<u>\$ 29,310</u>	<u>\$ 443,348</u>	<u>\$ 472,658</u>	<u>\$ 62,417</u>	<u>\$ 535,075</u>

**CITY OF MIAMI SPRINGS, FLORIDA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	Special Revenue Funds			Debt Service	Total Nonmajor Governmental Funds
	Senior Center	Road and Transportation	Total		
<b>Revenues:</b>					
Charges for services	\$ 17,225	\$ 14,807	\$ 32,032	\$ -	\$ 32,032
Intergovernmental	235,464	470,428	705,892	-	705,892
Investment income	-	146	146	-	146
Miscellaneous	5,666	-	5,666	-	5,666
<b>Total revenues</b>	<b>258,355</b>	<b>485,381</b>	<b>743,736</b>	<b>-</b>	<b>743,736</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Public Works	-	414,880	414,880	-	414,880
Recreation and social services	334,432	-	334,432	-	334,432
<b>Debt service:</b>					
Principal retirement	-	-	-	428,297	428,297
Interest and fiscal charges	-	-	-	140,282	140,282
<b>Capital outlay:</b>					
Public Works	-	43,751	43,751	-	43,751
Recreation and social services	66,119	-	66,119	-	66,119
<b>Total expenditures</b>	<b>400,551</b>	<b>458,631</b>	<b>859,182</b>	<b>568,579</b>	<b>1,427,761</b>
<b>Excess (deficiency) of revenues over expenditures before other financing (uses) sources</b>	<b>(142,196)</b>	<b>26,750</b>	<b>(115,446)</b>	<b>(568,579)</b>	<b>(684,025)</b>
<b>Other financing sources (uses):</b>					
Transfers out	-	(542,153)	(542,153)	-	(542,153)
Transfers in	123,326	-	123,326	519,478	642,804
<b>Total other financing sources (uses)</b>	<b>123,326</b>	<b>(542,153)</b>	<b>(418,827)</b>	<b>519,478</b>	<b>100,651</b>
<b>Net change in fund balance</b>	<b>(18,870)</b>	<b>(515,403)</b>	<b>(534,273)</b>	<b>(49,101)</b>	<b>(583,374)</b>
<b>Fund balances, October 1</b>	<b>18,870</b>	<b>933,965</b>	<b>952,835</b>	<b>111,518</b>	<b>1,064,353</b>
<b>Fund balances, September 30</b>	<b>\$ -</b>	<b>\$ 418,562</b>	<b>\$ 418,562</b>	<b>\$ 62,417</b>	<b>\$ 480,979</b>

**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, 2012

	Senior Center Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 15,955	\$ 15,955	\$ 17,225	\$ 1,270
Grant revenues	172,097	172,097	235,464	63,367
Other	-	-	5,666	5,666
Total revenues	<u>188,052</u>	<u>188,052</u>	<u>258,356</u>	<u>70,304</u>
Expenditures:				
Current:				
Recreation and social services	352,872	355,568	334,432	21,136
Capital outlay:				
Recreation and social services	3,000	3,475	66,119	(62,644)
Total expenditures	<u>355,872</u>	<u>359,043</u>	<u>400,551</u>	<u>(41,508)</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(167,820)</u>	<u>(170,991)</u>	<u>(142,195)</u>	<u>28,796</u>
Other financing sources (uses)				
Transfers in	167,820	167,820	123,326	(44,494)
Total other financing sources (uses)	<u>167,820</u>	<u>167,820</u>	<u>123,326</u>	<u>(44,494)</u>
Net change in fund balance	<u>-</u>	<u>(3,172)</u>	<u>(18,870)</u>	<u>(15,698)</u>
Fund balances, October 1	<u>18,870</u>	<u>18,870</u>	<u>18,870</u>	<u>-</u>
Fund balances, September 30	<u>\$ 18,870</u>	<u>\$ 15,698</u>	<u>\$ -</u>	<u>\$ (15,698)</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, 2012

	Road and Transportation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 12,000	\$ 12,000	\$ 14,807	\$ 2,807
Intergovernmental	372,000	372,000	470,428	98,428
Investment income	1,000	1,000	146	(854)
<b>Total revenues</b>	<b>385,000</b>	<b>385,000</b>	<b>485,381</b>	<b>100,381</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Works	183,074	230,255	414,880	(184,625)
Capital outlay:				
Public Works	36,352	36,352	43,751	(7,399)
<b>Total expenditures</b>	<b>219,426</b>	<b>266,607</b>	<b>458,631</b>	<b>(192,024)</b>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	165,574	118,393	26,750	(91,643)
Other financing sources (uses)				
Transfers out	(521,153)	(521,153)	(542,153)	(21,000)
<b>Total other financing sources (uses)</b>	<b>(521,153)</b>	<b>(521,153)</b>	<b>(542,153)</b>	<b>(21,000)</b>
<b>Net change in fund balance</b>	<b>(355,579)</b>	<b>(402,760)</b>	<b>(515,403)</b>	<b>(112,643)</b>
Fund balances, October 1	933,965	933,965	933,965	-
<b>Fund balances, September 30</b>	<b>\$ 578,386</b>	<b>\$ 531,205</b>	<b>\$ 418,562</b>	<b>\$ (112,643)</b>

**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, 2012

	Debt Service Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Debt service:				
Principal retirement	427,598	427,598	428,297	(699)
Interest and fiscal charges	141,880	141,880	140,282	1,598
Total expenditures	569,478	569,478	568,579	899
Other financing sources (uses)				
Transfers in	519,478	519,478	519,478	-
Total other financing sources (uses)	519,478	519,478	519,478	-
Net change in fund balance	(50,000)	(50,000)	(49,101)	899
Fund balances, October 1	111,518	111,518	111,518	-
Fund balances, September 30	\$ 61,518	\$ 61,518	\$ 62,417	\$ 899

**CITY OF MIAMI SPRINGS, FLORIDA**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
NONMAJOR GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Capital Projects Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive/(Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 97,257	\$ 97,257	\$ -
Miscellaneous	-	161,770	266,770	105,000
Total revenues	-	259,027	364,027	105,000
Expenditures:				
Current:				
Economic and community development		70,320	175,311	(104,991)
Capital outlay:				
Economic and community development	-	309,932	236,870	73,062
Total expenditures	-	380,252	412,181	(31,929)
Excess (deficiency) of revenues over expenditures before other financing (uses) sources	-	(121,225)	(48,154)	73,070
Other financing sources (uses)				
Transfers in	-	19,674	19,674	-
Total other financing sources (uses)	-	19,674	19,674	-
Net change in fund balance	-	(101,551)	(28,480)	73,070
Fund balances, October 1	168,801	168,801	168,801	-
Fund balances, September 30	\$ 168,801	\$ 67,250	\$ 140,321	\$ 73,070



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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.

<u>Page</u>	<u>Contents</u>	
	<b>Financial Trends</b>	<b>68-72</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>73-77</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>78-81</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>82-83</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>84-86</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.*

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**CITY OF MIAMI SPRINGS, FLORIDA**

**NET ASSETS BY COMPONENT**

**LAST TEN FISCAL YEARS**

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 19,773
Restricted	2,754	2,198	1,920	2,297	2,703	2,859	5,082	2,557	2,121	1,496
Unrestricted	944	3,095	2,775	3,468	5,093	6,433	6,918	4,686	3,080	2,630
Total governmental activities net assets	\$ 9,457	\$ 15,921	\$ 16,573	\$ 17,702	\$ 19,516	\$ 20,950	\$ 23,678	\$ 26,054	\$ 25,211	\$ 23,899
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	\$ 2,623
Unrestricted	(103)	411	237	679	1,672	1,749	890	948	1,076	1,164
Total business-type activities net assets	\$ 7,637	\$ 3,359	\$ 3,404	\$ 5,305	\$ 6,136	\$ 4,520	\$ 3,879	\$ 3,886	\$ 4,019	\$ 3,787
Primary government										
Invested in capital assets, net of related debt	\$ 13,489	\$ 13,576	\$ 15,045	\$ 16,564	\$ 16,184	\$ 14,429	\$ 14,668	\$ 21,749	\$ 22,954	\$ 22,396
Restricted	2,754	2,198	1,920	2,297	2,703	2,859	5,082	2,557	2,121	1,496
Unrestricted	841	3,506	3,012	4,147	6,765	8,162	7,808	5,634	4,156	3,794
Total primary government net assets	\$ 17,084	\$ 19,280	\$ 19,977	\$ 23,008	\$ 25,652	\$ 25,470	\$ 27,558	\$ 29,940	\$ 29,231	\$ 27,686

**CITY OF MIAMI SPRINGS, FLORIDA**

**CHANGES IN NET ASSETS**

**LAST TEN FISCAL YEARS**

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<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	\$ 2,828
Public safety	4,384	4,416	4,719	4,993	5,626	5,676	6,087	6,056	6,228	6,516
Public works	1,821	1,657	1,641	2,025	1,953	2,084	2,957	3,034	3,261	2,270
Recreation and social services	1,307	3,497	3,401	3,070	3,245	3,424	3,364	3,674	3,748	3,640
Economic and community development	448	315	1,302	4,035	213	-	9	154	75	518
Interest on long-term debt	213	218	202	195	208	190	294	294	202	140
Total governmental activities:	<u>10,151</u>	<u>12,380</u>	<u>13,693</u>	<u>16,976</u>	<u>13,912</u>	<u>13,935</u>	<u>15,382</u>	<u>15,654</u>	<u>16,432</u>	<u>16,112</u>
Business-type activities:										
Water & Sewer	4,667	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	2,272
Golf Course	2,345	-	-	-	-	-	-	-	-	-
Stormwater	233	234	258	269	292	311	410	414	396	410
Total business-type activities	<u>9,183</u>	<u>7,048</u>	<u>7,496</u>	<u>7,319</u>	<u>7,650</u>	<u>7,805</u>	<u>2,499</u>	<u>2,605</u>	<u>2,465</u>	<u>2,683</u>
Total primary government expenses	<u>\$ 19,334</u>	<u>\$ 19,428</u>	<u>\$ 21,189</u>	<u>\$ 24,295</u>	<u>\$ 21,562</u>	<u>\$ 21,740</u>	<u>\$ 17,881</u>	<u>\$ 18,259</u>	<u>\$ 18,897</u>	<u>\$ 18,795</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	417	453	411	453	499	570	431	822	1,048	1,298
Public safety	162	349	196	198	162	215	215	241	232	464
Public works	-	-	-	-	-	-	-	-	13	15
Recreation and social services	171	1,834	1,593	1,303	1,508	1,581	1,531	1,335	1,467	1,550
Economic and community development	-	-	-	5	-	-	-	-	15	17
Capital grants and contributions	-	-	-	-	-	-	2,642	4,127	1,210	146
Operating grants and contributions	714	528	2,437	4,541	699	712	350	478	443	493
Total governmental activities program revenues	<u>1,464</u>	<u>3,164</u>	<u>4,637</u>	<u>6,500</u>	<u>2,868</u>	<u>3,078</u>	<u>5,169</u>	<u>7,003</u>	<u>4,428</u>	<u>3,984</u>
Business-type activities:										
Charges for services:										
Water & Sewer	4,895	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	2,156
Stormwater	281	273	281	281	282	278	272	276	299	293
Golf Course	1,689	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	96	-	-	-
Operating grants and contributions	-	17	27	-	5	-	-	-	-	-
Total business-type activities program revenues	<u>8,382</u>	<u>6,740</u>	<u>6,800</u>	<u>8,204</u>	<u>8,085</u>	<u>7,861</u>	<u>2,544</u>	<u>2,609</u>	<u>2,597</u>	<u>2,449</u>
Total primary government revenues	<u>\$ 9,846</u>	<u>\$ 9,904</u>	<u>\$ 11,437</u>	<u>\$ 14,704</u>	<u>\$ 10,952</u>	<u>\$ 10,939</u>	<u>\$ 7,713</u>	<u>\$ 9,612</u>	<u>\$ 7,025</u>	<u>\$ 6,433</u>
Net (expense)/revenue										
Governmental activities	\$ (8,687)	\$ (9,216)	\$ (9,056)	\$ (10,476)	\$ (11,044)	\$ (10,857)	\$ (10,213)	\$ (8,651)	\$ (12,004)	\$ (12,128)
Business-type activities	(801)	(308)	(896)	885	435	55	45	4	132	(234)
Total primary government net expenses	<u>\$ (9,488)</u>	<u>\$ (9,524)</u>	<u>\$ (9,752)</u>	<u>\$ (9,591)</u>	<u>\$ (10,609)</u>	<u>\$ (10,801)</u>	<u>\$ (10,168)</u>	<u>\$ (8,647)</u>	<u>\$ (11,872)</u>	<u>\$ (12,362)</u>
<b>General Revenues and Other Changes in 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	5,812
Utility taxes	1,603	1,570	1,578	1,635	1,634	1,667	1,818	1,783	1,718	1,698
Franchise fees on gross receipts	657	747	797	967	962	997	990	902	891	880
Intergovernmental (unrestricted)	1,773	1,989	1,299	1,396	2,237	2,128	1,935	1,860	1,999	2,162
Investment income	57	57	179	334	434	283	129	88	27	31
Miscellaneous	158	109	140	201	166	154	250	258	568	232
Transfers	(3,004)	(305)	(725)	(217)	(260)	(39)	711	-	-	-
Total governmental activities	<u>\$ 6,864</u>	<u>\$ 10,200</u>	<u>\$ 9,706</u>	<u>\$ 11,606</u>	<u>\$ 12,703</u>	<u>\$ 12,416</u>	<u>\$ 12,941</u>	<u>\$ 11,024</u>	<u>\$ 11,162</u>	<u>\$ 10,816</u>
Business-type activities:										
Investment income	6	7	14	334	154	63	7	3	1	2
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	<u>\$ 2,778</u>	<u>\$ 319</u>	<u>\$ 742</u>	<u>\$ 318</u>	<u>\$ 394</u>	<u>\$ (1,671)</u>	<u>\$ (687)</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 2</u>
Total primary government	<u>\$ 9,642</u>	<u>\$ 10,519</u>	<u>\$ 10,448</u>	<u>\$ 11,924</u>	<u>\$ 13,097</u>	<u>\$ 10,745</u>	<u>\$ 12,254</u>	<u>\$ 11,027</u>	<u>\$ 11,164</u>	<u>\$ 10,817</u>
<b>Change in Net Assets</b>										
Governmental activities	\$ (1,623)	\$ 984	\$ 650	\$ 1,130	\$ 1,659	\$ 1,559	\$ 2,728	\$ 2,373	\$ (841)	\$ (1,313)
Business-type activities	1,977	11	46	1,203	829	(1,616)	(642)	7	133	(232)
Total primary government	<u>\$ 154</u>	<u>\$ 995</u>	<u>\$ 696</u>	<u>\$ 2,333</u>	<u>\$ 2,488</u>	<u>\$ (57)</u>	<u>\$ 2,086</u>	<u>\$ 2,380</u>	<u>\$ (708)</u>	<u>\$ (1,545)</u>

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

LAST TEN FISCAL YEARS

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

Fiscal Year	Ad-Valorem Taxes General Purpose	Ad-Valorem Taxes Debt Service	Local Option Gas Tax	Enhanced Transportation Tax(1)	State Revenue Sharing Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Half Cent Sales tax	Utility Tax	Franchise Tax	Total
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	482	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
2012	5,812	-	362	470	404	-	15	896	1,698	880	10,539

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

# CITY OF MIAMI SPRINGS, FLORIDA

## FUND BALANCES OF GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Reserved	\$ 280	\$ 201	\$ 484	\$ 792	\$ 657	\$ 197	\$ -	\$ -	\$ -	\$ -
Unreserved	574	2,688	2,531	3,426	4,954	6,467	-	-	-	-
* Nonspendable	-	-	-	-	-	-	103	84	140	136
* Restricted	-	-	-	-	-	-	-	-	-	-
* Committed	-	-	-	-	-	-	2,240	2,058	1,130	847
* Assigned	-	-	-	-	-	-	-	-	-	-
* Unassigned	-	-	-	-	-	-	6,078	4,158	3,634	3,411
Total general fund	<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>	<u>\$ 4,394</u>
All other governmental funds										
Reserved	\$ 477	\$ 206	\$ 564	\$ 155	\$ 1,016	\$ 5,388	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	2,516	1,965	1,819	2,195	1,851	618	-	-	112	-
Debt service funds	105	101	100	102	113	113	-	-	-	-
* Nonspendable	-	-	-	-	-	-	-	-	-	-
* Restricted	-	-	-	-	-	-	2,133	2,538	1,821	937
* Committed	-	-	-	-	-	-	2,209	-	169	140
* Assigned	-	-	-	-	-	-	740	19	19	419
* Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 1,496</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>REVENUES</b>										
Taxes and franchise fees	\$ 6,277	\$ 6,779	\$ 7,234	\$ 8,256	\$ 8,492	\$ 8,223	\$ 8,098	\$ 7,034	\$ 6,850	\$ 6,692
Charges for services	276	1,896	1,639	1,365	1,543	1,606	1,546	1,357	1,936	2,134
Public service taxes	1,603	1,570	1,578	1,635	1,634	1,667	1,818	1,783	1,718	1,698
Intergovernmental	2,263	2,507	3,429	5,939	2,932	2,799	4,817	6,348	3,609	2,692
Licenses and permits	360	397	359	430	467	536	415	818	641	488
Fines and forfeitures	338	320	467	229	147	239	322	338	209	534
Interest	57	57	180	334	434	283	133	88	27	31
Miscellaneous	158	145	183	135	182	178	251	263	600	529
Total revenues	11,332	13,671	15,069	18,323	15,831	15,531	17,400	18,029	15,590	14,799
<b>EXPENDITURES</b>										
General government	1,952	2,236	2,315	2,398	2,359	2,520	2,643	2,658	2,755	2,611
Public safety	4,237	4,252	4,495	4,779	5,386	5,375	5,541	5,724	5,928	6,402
Public works	1,758	1,593	1,590	1,945	1,862	1,990	2,364	2,523	2,733	1,823
Recreation and social services	1,212	3,214	2,973	2,740	2,820	2,958	2,917	3,253	3,315	3,393
Economic and community development	442	309	1,302	4,032	213	-	5	146	72	510
Debt service:										
Principal retirement	185	336	335	359	393	447	488	2,926	476	428
Interest and fiscal charges	213	218	202	195	208	190	295	294	202	140
Capital outlay:										
General government	154	528	338	390	276	6	40	22	2	1
Public safety	164	315	273	205	259	174	323	234	119	112
Public works	-	89	103	304	133	51	132	798	225	80
Recreation and social services	31	19	506	488	466	650	2,043	5,884	213	129
Economic and community development	-	71	-	147	-	150	787	1,064	1,383	303
Total expenditures	10,348	13,180	14,432	17,982	14,375	14,511	17,578	25,526	17,423	15,933
Excess (deficiency) of revenues over expenditures	984	491	637	341	1,456	1,020	(176)	(7,497)	(1,833)	(1,134)
Other financing (uses) sources:										
Transfers in	717	1,204	1,723	1,666	740	940	1,984	2,750	1,457	1,205
Transfers out	(3,297)	(1,084)	(2,023)	(1,458)	(537)	(356)	(1,086)	(2,416)	(1,457)	(1,205)
Proceeds from capital lease	272	-	-	125	232	87	-	-	-	-
Proceeds from debt	-	-	-	500	-	2,500	-	2,516	-	-
Total other financing sources (uses)	(2,308)	120	(300)	833	435	3,171	898	2,850	-	-
Net change in fund balances	\$ (1,324)	\$ 611	\$ 337	\$ 1,174	\$ 1,891	\$ 4,191	\$ 720	\$ (4,647)	\$ (1,834)	\$ (1,134)
Debt service as a percentage of noncapital expenditures	3.1%	4.4%	3.7%	3.0%	4.6%	4.8%	5.3%	18.0%	4.6%	3.9%

# 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						
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	6.47	1,398,886	64.72%
2012	670,658	215,626		66,114	952,398	6.74	1,506,967	63.20%

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				OVERLAPPING RATES										Total Direct & Overlapping Rates
	County				Special Districts										
	City Wide	Debt Service	Total Direct Rate	County-Wide	Debt Service	Fire	Library	School	State	County	Debt Service	Fire	Library	School	
2003	8.1500	0.5940	8.7440	5.8890	0.3900	2.6610	0.4860	9.2520	0.7355	28.1575					
2004	8.1436	0.5430	8.6866	6.4690	0.2850	2.6610	0.4860	9.1000	0.7360	28.4236					
2005	8.1436	0.5079	8.6515	6.3792	0.2850	2.6610	0.4860	8.6870	0.7360	27.8857					
2006	7.9000	0.4415	8.3415	6.2638	0.2850	2.6610	0.4860	8.4380	0.7360	27.2113					
2007	7.5000	0.3953	7.8953	6.0373	0.2850	2.6510	0.4860	8.1050	0.7355	26.1951					
2008	6.3000	0.3579	6.6579	5.0019	0.2850	2.2477	0.3842	7.9480	0.6595	23.1842					
2009	6.4305	0.3687	6.7992	5.2945	0.2850	2.2487	0.3842	7.7970	0.6585	23.4671					
2010	6.1698	0.4226	6.5924	5.3370	0.2850	2.2271	0.3822	7.9950	0.6585	23.4772					
2011	6.4710	0.4698	6.9408	5.9275	0.4450	2.5953	0.2840	8.2490	0.6585	25.1001					
2012	6.7400	-	6.7400	4.8050	0.2850	2.4627	0.1795	8.0050	0.9708	23.4480					

(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)

2012		2002					
Taxpayer	Taxable Valuation	Rank	Percentage Total Taxable Valuation	Taxpayer	Taxable Valuation	Rank	Percentage Total Taxable Valuation
FELCOR/CSS HOLDINGS	\$ 31,200	1	3.6%	FELCOR HOLDINGS L.P.	\$ 18,288	1	2.8%
AA GROUP, LTD.	12,992	2	1.5%	AA GROUP, LTD.	8,850	2	1.4%
DORIAN VAN BEYER CALLEN	9,919	3	1.1%	DORIAN VON BAYERN CALLEN	5,250	7	0.8%
RED ROOF INNS	8,100	4	0.9%	RED ROOF INNS	6,225	4	1.0%
DORAL BOULEVARD HOTEL LLC	7,802	5	0.9%				
PRIME AFC INVEST MGMT LLC	7,783	6	0.9%				
4299 MIA SPRG LLC	6,436	7	0.7%				
BRE LQ FL PROPERTIES L L C	5,500	9	0.6%				
FIRST CHOICE HOTEL HOLDINGS INC	5,451	10	0.6%				
SOUTHERN BELL	6,275	8	0.7%	SOUTHERN BELL	4,500	10	0.7%
				AIRPORT FINANCIAL CENTER	6,104	5	0.9%
				BISCAYNE PROPERTIES, INC.	7,032	3	1.1%
				FIRST UNION NATIONAL BANK	4,943	8	0.8%
				BECK-MARCUS ASSOC-MIAMI AIRPORT	4,513	9	0.7%
				FAIRHAVEN REAL ESTATE, LLC.	5,679	6	0.9%
	\$ 101,458		11.7%		\$ 71,384		11.1%

Sources: Miami-Dade County Tax Assessors' Office  
2012 Tax Roll  
Real/personal property adjusted taxable value: \$866,561,308

# 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
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%
2012	5,796	5,812	100.3%	-	5,812	100.3%

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			
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	2.09%	424
2011	-	4,694	53	-	207	224	5,178	1.85%	375
2012	-	4,272	37	-	166	158	4,633	1.66%	335

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 82 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)

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property (1)</b>	<b>Per Capita (2)</b>
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%	-
2012	-	-	-	0.00%	-

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

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 73 for property value data.

(2) See the Schedule of Demographic and Economic Statistics on page 82 for population data.

**CITY OF MIAMI SPRINGS, FLORIDA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2012**  
(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)	\$ 290,988	0.48%	\$ 1,397
Miami-Dade County (3)	<u>1,000,133</u>	0.48%	<u>4,801</u>
Subtotal overlapping debt	1,291,121		6,198
City of Miami Springs direct debt	<u>4,633</u>	100.0%	<u>4,633</u>
Total direct and overlapping debt	\$ 1,295,754		\$ 10,831

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	107,768	117,031	135,566	152,846	166,944	163,538	145,667	135,380	135,380	129,984
Total net debt applicable to limit (1)	4,160	3,970	3,770	3,560	3,340	3,110	2,865	2,610	-	-
Legal debt margin	111,928	121,001	139,326	156,406	170,284	166,648	148,532	137,990	135,380	129,984
Total net debt applicable to the limit as a percentage of debt limit	3.86%	3.39%	2.78%	2.33%	2.00%	1.90%	1.97%	1.93%	0.00%	0.00%

### LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2012

Assessed valuation 2012 roll	\$ 866,561
Bonded debt limit- 15% of assessed value	\$ 129,984
Total ad valorem debt- General Obligation Bonds	\$ -
Amount of debt applicable	\$ 129,984
Legal debt margin	\$ 129,984

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**

**PLEGDED 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	
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
2012	-	-	-	896,447	428,297	140,282	568,579	158

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

Fiscal Year	Population (1)	Personal Income (Amounts Expressed in Thousands)	Per capita Personal Income (2)	Median Age (5)	School Enrollment (3)	Unemployment rate (4)
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	274,516	20,249	N/A	4,676	12.7
2011	13,809	279,618	20,249	N/A	4,654	11.5
2012	13,844	280,327	20,249	42.5	-	8.7

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

(2) Miami Dade County-District 6

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

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

(5) Florida-demographic.com

N/A- Information not available

# CITY OF MIAMI SPRINGS, FLORIDA

## PRINCIPAL EMPLOYERS

### CURRENT YEAR AND TEN YEARS AGO

<u>EMPLOYER</u>	<u>2012</u>			<u>2002</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>Percentage of Total County Employment</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>Percentage of Total County Employment</u>
Miami-Dade County Public Schools	48,571	1	3.82%	37,500	1	3.41%
Miami-Dade County, Florida	29,000	2	2.28%	30,000	2	2.73%
Federal Government	19,500	3	1.53%	18,276	3	1.66%
State Government	17,100	4	1.34%	18,100	4	1.64%
University of Miami	16,000	5	1.26%	8,000	7	0.73%
Baptist Health Systems	13,376	6	1.05%	7,500	8	0.68%
Jackson Memorial Hospital	12,571	7	0.99%	10,000	5	0.91%
Publix Supermarket	10,800	8	0.85%	-	-	
American Airlines	9,000	9	0.71%	9,000	6	0.82%
Florida International University	8,000	10	0.63%	-	-	
Precision Response	-	-		4,346	9	0.39%
Bell South	-	-		4,240	10	0.39%
	<u>183,918</u>		<u>14.46%</u>	<u>146,962</u>		<u>13.34%</u>

Source: The Beacon Council

# CITY OF MIAMI SPRINGS, FLORIDA

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30									
	<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>	<u>2012</u>
General government	19	19	19	19	19	19	19	20	19	19
Public safety										
Police	43	43	43	43	43	41	41	41	43	43
Officers	12	12	12	12	12	12	11	11	11	11
Civilians	6	6	5	5	6	6	6	6	5	5
Building & Zoning										
Public Works	27	27	27	24	23	21	25	26	25	23
Culture and recreation	9	8	8	8	12	10	10	7	10	10
Water and Sewer	13	13	15	14	10	8	-	-	-	-
Sanitation	13	13	13	13	13	13	13	13	13	13
Stormwater	2	2	2	2	2	2	2	2	2	2
	<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>	<u>126</u>

Source: City of Miami Springs Finance department

# CITY OF MIAMI SPRINGS, FLORIDA

## OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Public Safety</b>										
Police:										
Number of calls answered	20,598	18,205	15,853	15,923	15,222	16,413	19,028	19,791	18,043	17,504
Number of arrests	746	955	687	714	663	537	620	426	430	494
Number of uniformed officers	42	42	43	43	41	41	41	41	43	43
Building & Zoning:										
Number of building permits issued	n/a	1535	1,592	2000	1701	1,324	1,154	1,120	1,105	1,220
License/Permit revenue generated	\$359,674	\$396,527	\$358,741	\$429,946	\$467,280	\$373,957	\$283,678	\$673,492	\$490,819	\$404,196
Occupational licenses issued	432	463	529	553	618	652	557	572	603	587
Culture and recreation										
Number of senior meals served	47,862	51,249	54,894	54,340	49,901	48,530	42,274	40,302	43,054	41,634
Recreation revenues collected	\$170,570	\$162,301	\$170,534	\$173,585	\$187,952	\$190,498	\$239,455	\$294,990	\$449,149	\$475,212
Sanitation										
Refuse collected (tons per month)	957	995	891	918	520	375	325	389	475	508

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**

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Public Safety</b>										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	33	33	34	34	40	43	41	43	43	36
<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	1	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	5	4	6	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	2	2	2	1	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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Alberni, Caballero  
& Company, L.L.P.

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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, 2012 which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 22, 2013. 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

Management of the City, is responsible for establishing and maintaining effective 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 entity'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 City 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*

Alberni Caballero & Company, LLP  
Coral Gables, Florida  
January 22, 2013





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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, 2012, and have issued our report thereon dated January 22, 2013.

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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which are dated January 22, 2013, 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 or 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, 2012, 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, 2012. 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 condition 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*

Alberni Caballero & Company, LLP  
Coral Gables, Florida  
January 22, 2013

**CITY OF MIAMI SPRINGS, FLORIDA**

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

**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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

**None.**

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

**None.**

**CITY OF MIAMI SPRINGS, FLORIDA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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

**None.**

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

**N/A**