



City of Miami
Springs, Florida
Comprehensive
Annual Financial
Report
For the Year Ended
September 30,
2017



CITY OF MIAMI SPRINGS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2017

Prepared by:

THE FINANCE DEPARTMENT

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

LETTER OF TRANSMITTAL

CITY OF MIAMI SPRINGS



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

March 12, 2018

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, 2017, as required and mandated by 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 Caballero Fierman Llerena + Garcia, LLP, Certified Public Accountants. The independent auditor has issued an unmodified 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 public safety, parks and recreation programs/facilities, solid waste collection, stormwater management, senior citizen services and facility, building, 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 3 square miles with approximately 14,000+ full-time residents. The southern-most area of the City, located along the 36th Street business corridor, is primarily 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, since it would not be possible to continue to provide these valuable services without the retention of its valuable employees.

The Administration recognizes the importance of increasing its commercial tax base, for FY2017 the commercial portion of the total assessed values was 34% compared to 24% back in FY2009. The City continues to attract new hotel and other commercial developments in order to continue increasing its commercial tax base thereby improving the City's future economic health as well as reducing the tax burden on the residents. To this end, the City is continuing to pursue the viability of annexing areas west of the City, aggressively pursuing the re-development of the NW 36th Street corridor, and considering various improvements to the rest of our commercial areas.

ECONOMIC CONDITION AND OUTLOOK (Continued)

During the past few years assessed property values have been steadily increasing. For FY2017 assessed property values increased to \$1,121,725,782 or an increase of approximately \$83 million or 8% from the \$1,038,827,487 in final taxable value for the prior fiscal year. It is anticipated that property values will continue to increase due to the desirability of the small town aspect of the city as well as its close proximity to the Miami International Airport and to Greater Downtown Miami.

In FY2017, the City signed a new three-year agreement with its police union.

The Council and Administration's efforts in prior years to increase the City's reserves provided the City with an adequate reserve fund that has been used to fund various infrastructure projects that our aging city required, as well as equipment replacement city-wide. 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 during the past few years that resulted in cost reductions and increased efficiency.

LONG TERM FINANCIAL PLAN

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. The total unassigned fund balance at the end of FY2017 is \$3,335,388 or approximately \$164,612 less than our required minimum of \$3.5 million in order to meet the 25% requirement. In accordance with the adopted policy of funding any deficit within the next two fiscal years, Council agreed to fully fund this deficit with a \$465,000 surplus in FY2018 at which time the fund balance will be back to \$3.5 million and in compliance with the 25% requirement.

The City is pursuing grant and other funding opportunities to provide needed infrastructure improvements to the City, including funding for canal bank restoration, a new elderly services building, sidewalk and road projects, and other city infrastructure needs.

FINANCIAL INFORMATION

Accounting Control

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal, state and local financial assistance, the government is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management. In addition, the City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with policy and implementation provisions embodied in the annual appropriated budget approved by the City Council. The level of budgetary control (i.e. the level at which expenditures cannot legally exceed the appropriated amount) is the departmental level within each fund. The City also maintains an encumbrance accounting system. The City's accounting system is organized on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds used are generally determined by the City Council, upon the recommendations of the City Manager and the Finance Director, which are based upon established and accepted accounting policies and procedures as well as the number of funds required.

FINANCIAL INFORMATION (Continued)

Budgetary Controls

The annual budget serves as the foundation for the City of Miami Springs' financial planning and control. All departments of the City are required to submit proposed budgets to the City Manager, who then makes any necessary revisions. The City Manager presents the proposed departmental budgets to the City Council for their review along with a budget estimate of the expenditures and revenues of all the City's departments and divisions. Two public hearings are then conducted to inform taxpayers of the proposed budget, to receive their comments, and respond to their budget questions. A majority affirmative vote of the City Council is needed to adopt the budget, which is legally enacted prior to October 1st 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 73.

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 2016-17 was money market instruments. The principal focus of cash management is to first ensure the safety of the City's cash, liquidity and then maximizing the return on the City's investments. No investment is made for any commitment period exceeding one year. During Fiscal Year 2017, the City earned \$24,068 in investment income, as compared to \$22,267 earned in Fiscal Year 2016.

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, 2017.

On February 27, 2015, the City issued the Capital Improvement Refunding Revenue Note Series 2015 in an amount of \$7,554,000 with SunTrust Bank. The proceeds were used as follows: \$1,986,733 was used to refund the \$2,435,812 Capital Improvement Refunding Revenue Note Series 2010 with SunTrust Bank, and \$5,567,267 was used to fund the construction of a new aquatic facility. The refunding note has a fixed interest rate of 3.07% and matures on February 1, 2030. The refunding note is payable solely from and secured by the City's Public Service Tax Revenues and Franchise Fee Revenues. The City achieved a cash flow difference and an economic gain of approximately \$67,719 as a result of the refunding. The balance at September 30, 2017 was \$6,546,000.

On April 28, 2017, the City issued the Capital Improvement Revenue Note Series 2017 in an amount of \$448,500 with Branch Banking and Trust (BB&T). The proceeds were used to fund the Westward Bike Path project. The note has a fixed interest rate of 2.13% and matures on April 1, 2014. The note is payable solely from and secured by the City's Transportation Surtax revenues. The balance at September 30, 2017 was \$432,482.

On August 19, 2013, the City executed a \$470,692 capital lease with SunTrust Equipment Finance & Leasing Corp. The lease has an interest rate of 1.54%, matures on July 1, 2018, and is collateralized by the equipment purchased under the lease. The funds were used to purchase two new sanitation trucks 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 \$24,449 commencing on October 1, 2013 and ending with the final payment of \$24,449 on July 1, 2018. The balance as of September 30, 2017 was \$96,858.

On October 18, 2013, the City executed a \$623,843 capital lease with SunTrust Equipment Finance & Leasing Corp. The lease has an interest rate of 1.782%, matures on August 1, 2018, and is collateralized by the

FINANCIAL INFORMATION (Continued)

Debt Administration (continued)

equipment purchased under the lease. The funds were used to purchase maintenance equipment for the golf course. Under the terms of the Lease, the City is required to make twenty (20) quarterly payments of principal and interest in the amount of \$32,548 commencing on November 1, 2013 and ending with the final payment of \$32,548 on August 1, 2018. The balance as of September 30, 2017 was \$126,520.

On April 30, 2014, the City executed a \$1,606,244 capital lease with Green Campus Partners, LLC. The lease has an interest rate of 3.6134%, matures on February 1, 2030, and is collateralized by the equipment purchased under the lease. The funds were used to fund the purchase of equipment which was part of the Guaranteed Energy, Water, and Wastewater Performance Savings Contract executed by the City with BGA, Inc. Under the terms of the Lease, the City is required to make one hundred and eighty (180) monthly payments of principal and interest in varying amounts beginning with \$9,749 on March 1, 2015 and ending with the final payment of \$14,843 on February 1, 2030. Payments are not required from execution date (April 30, 2014) up to first payment date (March 1, 2015), during this period interest will be capitalized. The balance as of September 30, 2017 was \$1,487,444.

On November 13, 2015, the City executed a \$362,500 capital lease with SunTrust Equipment Finance & Leasing Corp. The lease has an interest rate of 2.3%, matures on November 13, 2020, and is collateralized by the equipment purchased under the lease. The funds were used to purchase sanitation trucks and maintenance equipment for the golf course and recreation departments. Under the terms of the Lease, the City is required to make twenty (20) quarterly payments of principal and interest in the amount of \$19,239.17 commencing on February 13, 2016 and ending with the final payment of \$19,239.17 on November 13, 2020. The balance as of September 30, 2017 was \$240,325.

On December 13, 2016, the City executed a \$173,120 capital lease with SunTrust Equipment Finance & Leasing Corp. The lease has an interest rate of 2.44%, matures on December 14, 2021, and is collateralized by the equipment purchased under the lease. The funds were used to purchase two trash dump trucks 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 \$9,221.09 commencing on March 14, 2017 and ending with the final payment of \$9,221.09 on December 14, 2021. The balance as of September 30, 2017 was \$240,325.

Risk Management

The City purchases general liability, automobile, property, casualty insurance and workers' compensation coverages through the Florida League of Cities. The City is continually reviewing risk exposures and determining the most cost effective method of mitigating those exposures.

MAJOR INITIATIVES

The 2017-2018 budget is providing funding for the scheduled replacement of certain police vehicles and other equipment, parks and recreation infrastructure and vehicles, the construction of a new elderly services facility, and needed sidewalk and infrastructure repairs city-wide.

During FY2017 the City completed a new Westward Bike Path project funded with State grants. Additionally, the City also completed an American with Disabilities (ADA) city-wide sidewalk project that was also funded with State grants.

During FY2017 the City was also affected by a tornado and a hurricane that caused extensive damage to our tree canopy and to city facilities. The total costs of cleanup and restoration for both events will be approx. \$4 million and we expect reimbursement from FEMA, our insurance carrier, and the State of Florida to cover most of this cost.

It is expected that during FY2018, the City will commence the construction of a new Elderly Services/Multi-purpose building to service our Seniors.

MAJOR INITIATIVES (continued)

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. Each year the City also monitors all user fees to ensure that costs are being matched while at the same time remaining competitive in the marketplace.

INDEPENDENT AUDIT

In accordance with Florida Statutes Section 218.39, the City has engaged the firm of Caballero Fierman Llerena + Garcia, LLP, 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

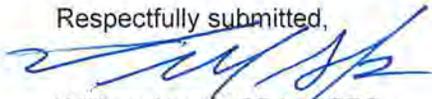
This year the City applied for the Certificate of Achievement for Excellence in Financial Reporting awarded by the Governmental Finance Officers Association of the United States and Canada ("GFOA"). The Certificate of Achievement is a prestigious national award recognizing conformance with the highest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



William Alonso CPA, CGFO
City Manager/Finance Director



Tammy Romero
Assistant City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Miami Springs
Florida**

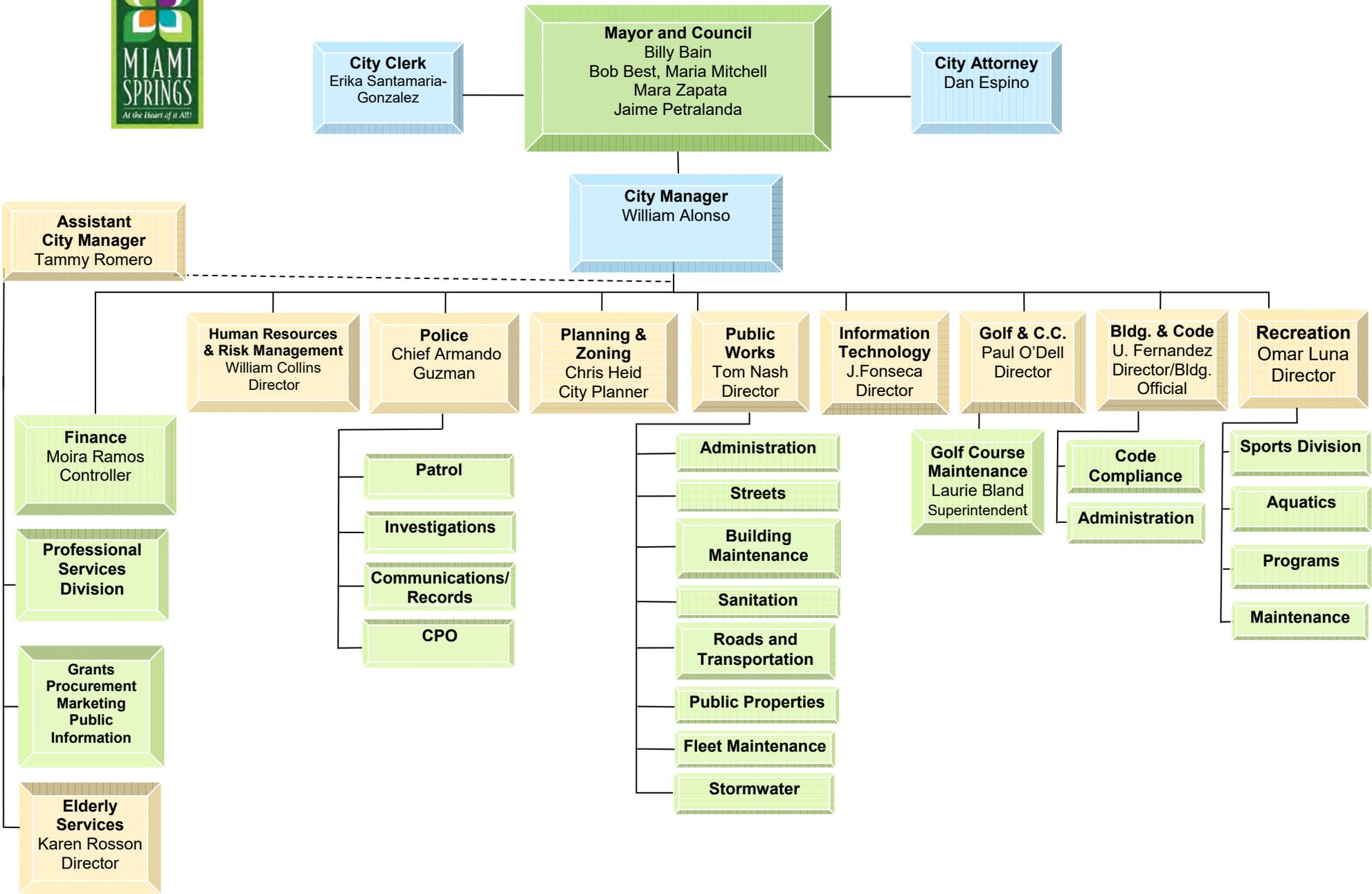
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

City of Miami Springs Organizational Chart 2017 - 2018



MIAMI SPRINGS CITY OFFICIALS

CITY COUNCIL

Mayor: Billy Bain

Councilwoman: Maria Puente Mitchell

Councilman: Jaime Petralanda

Councilman: Bob Best

Councilwoman: Mara Zapata

CITY MANAGER/FINANCE DIRECTOR

William Alonso CPA, CGFO

CITY ATTORNEY

Weiss, Serotta, Helfman

CITY CLERK

Erika Gonzalez Santamaria

ASSISTANT CITY MANAGER

Tammy Romero

EXTERNAL AUDITORS

Caballero Fierman Llerena + Garcia, LLP

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 ("the City") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-19 budgetary comparison information on pages 63-68, the pension schedules on pages 69 to 72, and the OPEB schedule on page 73 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Uniform Guidance and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2018, on our consideration of the City's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Caballero Fierman Llerena + Garcia, LLP

Caballero Fierman Llerena + Garcia, LLP
Coral Gables, Florida
March 12, 2018

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

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, 2017. 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 and deferred outflows of the City of Miami Springs exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$24.4 million (net position). Unrestricted net position was a deficit of \$1.6 million compared to a deficit of \$3.0 million net position at the end of FY2016. The decreased deficit in unrestricted net position was due to a reduction in pension liability for FY2017.
- The City's total net position increased by \$1.5 million from \$22,689,871 in FY2016 to \$24,242,300 in FY2017. The increase is attributable to the overall decrease of \$243,301 from the City's business-type activities, coupled with an increase of \$1,795,631 in net position of the governmental activities.
- During the year, the City had expenditures that were \$406,272 lower than the \$18.9 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 \$234,378.
- Total cost of all of the City's programs decreased by approximately \$812,112 or 6.7% with no new programs added this year. The decrease was due to increases in building department revenues for new hotel [projects during the fiscal year.
- The General Fund's fund balance increased by \$523,429 for the fiscal year ended September 30, 2017; this increase was a result of budgeted surplus by Council to replenish fund balance in order to meet the required 25% of budgeted expenditures required by City policy.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$3.3 million, or approximately 21% of total general fund expenditures. The committed fund balance was \$198,831 which represents future costs related to the new Senior center facility.

FINANCIAL HIGHLIGHTS (CONTINUED)

- The City's total debt decreased by approximately \$224,170 or 2.4% (net of principal payments on existing debt). This decrease was due primarily to debt service payments during FY2017.

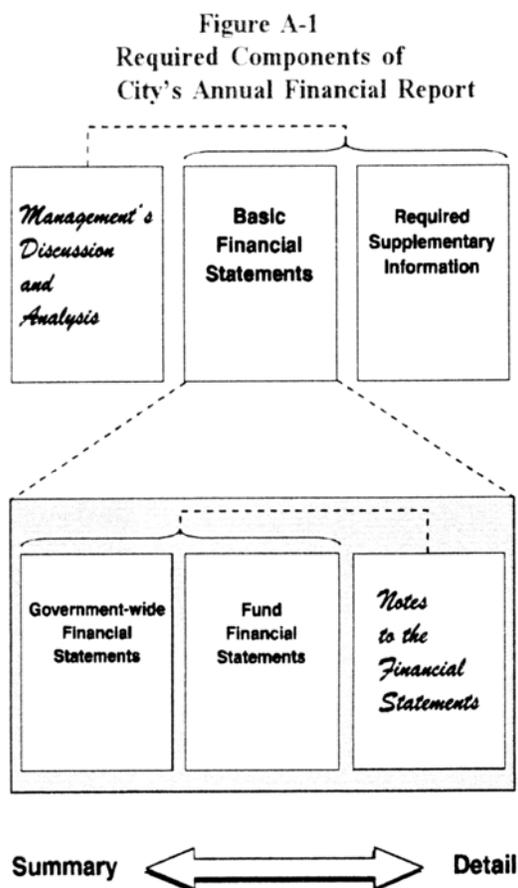
OVERVIEW OF THE FINANCIAL STATEMENTS

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 position* presents information on all of the City's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position.



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 Road and Transportation Fund, the Debt Service Fund, and the Capital Projects 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 62 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 63 to 73 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 74 of this report.

Government-Wide Financial Analysis

Summary of Net position. As noted earlier, net position 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 Position summary presentation as reflected below:

- 1) **Net results of activities** will impact (increase/decrease) current assets and unrestricted net position.
- 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 investment in capital assets and an increase in related net debt which will not change the net investment in capital assets.
- 4) **Spending of non-borrowed current assets on new capital** will reduce current assets and increase capital assets and will reduce unrestricted net position and increase net investment in capital assets.
- 5) **Principal payment on debt** will reduce current assets and reduce long-term debt and reduce unrestricted net position and increase net investment in capital assets in capital assets.
- 6) **Reduction of capital assets through depreciation** will reduce capital assets, and net investment in capital assets.

The City's combined net position increased by 8.4% between fiscal years 2016 and 2017 (see Table 1).

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Governmental Activities

The Net Position for the City's governmental activities increased by \$1.9 million or 9.4% to \$22.1 million which is attributable to current year operations. The largest portion of the City's governmental net position, \$22.1 million is restricted as to the purpose they can be used for and are classified as net investment in capital assets (land, buildings, streets, sidewalks, and equipment). The City uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's governmental net position (\$0.7 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is a deficit of \$0.7 million.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2016-2017
	2016	2017	2016	2017	2016	2017	
Current and other assets	\$ 4.8	\$ 5.8	\$(.4)	\$ (.7)	\$ 4.4	\$ 5.1	15.9%
Capital assets	30.5	30.7	3.8	3.7	34.3	34.4	0.3%
Total assets	35.3	36.5	3.4	3.0	38.7	39.5	2.1%
Deferred outflows	2.1	1.1	.1	.1	2.2	1.2	(45.5)%
Long-term debt	13.5	11.8	0.7	0.5	14.2	12.3	(13.4)%
Other liabilities	2.7	3.0	0.2	0.3	2.9	3.3	13.8%
Total liabilities	16.2	14.8	0.9	0.8	17.1	15.6	(8.8)%
Deferred inflows	1.0	0.9	.1	.1	1.1	1.0	(9.0)%
Net position							
Net Investment in capital assets	21.7	22.1	3.3	3.2	25.0	25.3	1.2%
Restricted	0.6	0.7	-	-	0.6	0.7	16.7%
Unrestricted	(2.1)	(0.7)	(0.8)	(0.9)	(2.9)	(1.6)	46.7%
Total net position	\$ 20.2	\$ 22.1	\$2.5	\$2.3	\$22.6	\$24.4	8.4%

At the end of the current fiscal year, the City of Miami Springs was able to report positive balances in two of the three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The deficit balance reported for unrestricted net position is due to the implementation of GASB 68 in 2015 as discussed earlier.

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

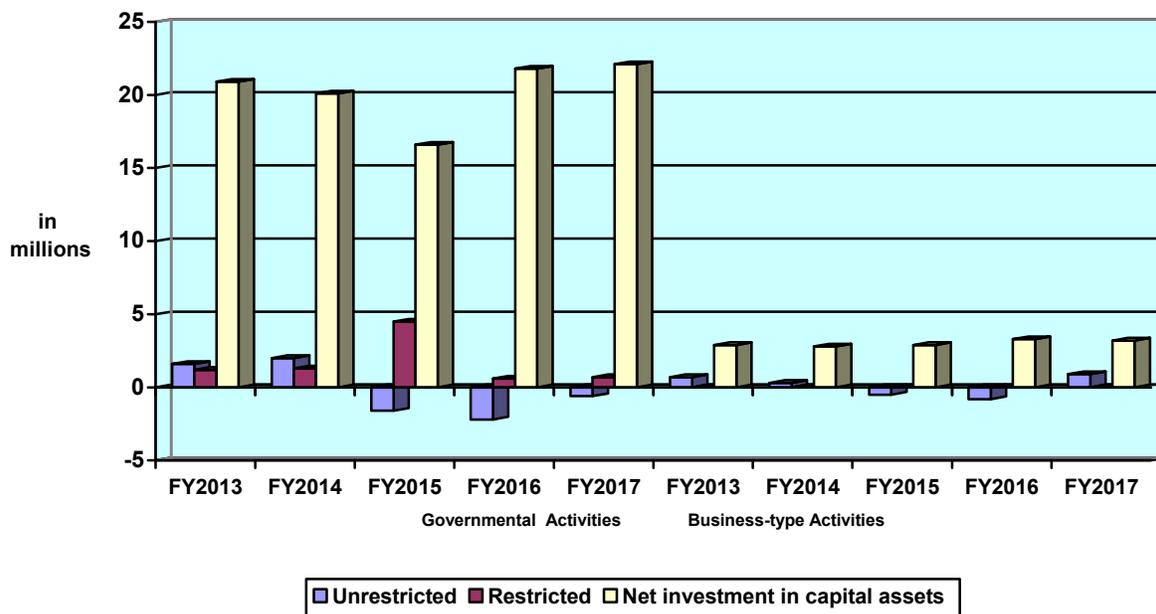
- 1) **Economic condition** can reflect a declining, stable or growing environment and has a substantial impact on property, non-ad valorem assessments, sales, gas, or other tax revenues as well as consumer spending habits for building permits, user fees and consumption.

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 POSITION 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 position increased by \$1.5 million to approximately \$24.2 million for the current fiscal-year. This indicates that ongoing expenses were less than ongoing revenues.

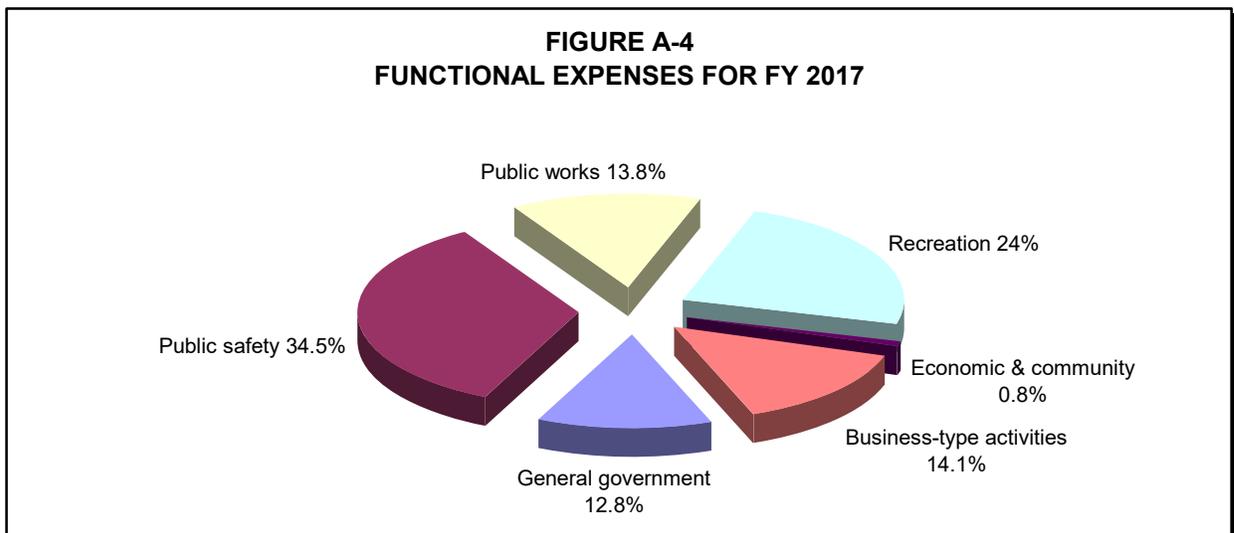
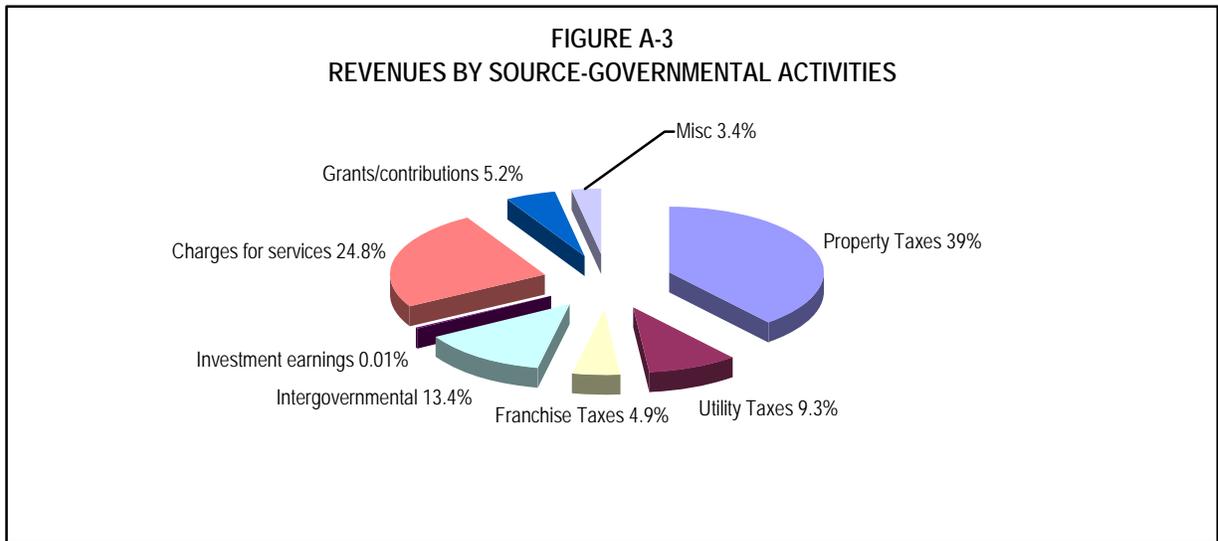
OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Governmental Activities (continued)

The City's total revenues increased by 8.6% to \$21.5 million (see Table 2). This increase was due primarily to increases in charges for services and property taxes.

Approximately 39% of the City's revenues come from property taxes, and 53.2 cents of every dollar raised comes from some type of tax (see Figure A-3). Another 25% comes from fees charged for services, and 13% comes from federal, state and local aid. Total costs of all programs and services increased by approximately \$1 million, or 6.2% (see Table 2).

The City's expenses cover a range of services; with about 49% 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 increased 13% (from \$16.8 million to \$19.0 million), while the expenses increased 6% (\$16.2 million to \$17.2 million). The increase in net position for governmental activities was \$1,795,631 in 2017. This compares to an increase of \$643,118 in 2016. Key elements of the 2017 revenue increases are as follows:

- Charges for services increased by \$1.1 million due to increased building permit revenues during the year.
- Property taxes increased by \$400,000 due to increased assessed values.

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

- Public Safety increased by approximately \$200,000 or 3% over 2016 due to increases in payroll and operating costs as well as computer upgrades and new police equipment.
- Recreation increased by approximately \$500,000 or 12% over 2016 due to the full year operation of the new aquatic center as well as increased costs of the golf operation..

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2016-2017
	2016	2017	2016	2017	2016	2017	
Revenues							
Program revenues							
Charges for services	\$3.7	\$4.8	\$2.5	\$2.5	\$6.2	\$7.3	14.5%
Operating grants and contributions	.2	.2	--	--	.2	.2	-0-%
Capital grants and contributions	.2	.6	.5	--	.7	.6	(14.3)%
General revenues							
Property taxes	7.1	7.5	--	--	7.1	7.5	5.6%
Franchise taxes	.9	.9	--	--	.9	.9	-%
Utility taxes	1.8	1.8	--	--	1.8	1.8	-%
Investment & other income	.3	.6	--	--	.3	.6	100%
Intergovernmental	2.6	2.6	--	--	2.6	2.6	-
Total revenues	16.8	19.0	3.0	2.5	19.8	21.5	8.6%
Expenses							
General government	2.4	2.5	--	--	2.4	2.5	4.2%
Public safety	6.6	6.8	--	--	6.6	6.8	3%
Public works	2.5	2.7	2.9	2.8	5.4	5.5	1.9%
Parks and recreation	4.2	4.7	--	--	4.2	4.7	11.9%
Economic & community development	.2	.2	--	--	.2	.2	-%
Interest on long-debt	.3	.3	--	--	.3	.3	-%
Total expenses	16.2	17.2	2.9	2.8	19.1	20.0	4.7%
Increase (decrease) in net position	0.6	1.8	0.1	(0.3)	.7	1.5	114.3%
Net position, September 30	\$20.2	\$22.0	\$2.5	\$2.2	\$22.7	\$24.2	6.7%

Note: Totals may not add due to rounding.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Governmental Activities (continued)

In FY 2017, the City’s millage rate was 7.5000 the same rate as in FY 2016. The City’s total general fund revenue sources were \$226,757 higher than the final budgeted revenues of \$16 million. The total expenditures were less than budgeted by \$388,596 due to staff vacancies and unused departmental expenditures.

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 \$17.2 million. Some of that cost was financed by:
 - Those who directly benefited from the programs through charges for services (\$4.8 million)
 - Other governments and organizations that subsidized certain programs from operating grants and contributions (\$1 million).
- The City financed the remaining \$11.4 million “public benefit” portion of governmental activities with \$10 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
	2016	2017	2016-2017	2016	2017	2016-2017
Public safety	6.6	6.8	3.0%	\$ 6.0	\$ 6.0	-0-%
Recreation/social services	4.2	4.7	11.9%	2.4	2.7	12.5%
General government	2.4	2.5	4.2%	0.9	0.3	(511)%
Public works	2.5	2.7	8%	2.3	2.2	(1.9)%
Community development	.2	.2	-0-%	.2	(.1)	(150)%
Interest on long term debt	.3	.3	-0-%	.3	.3	-0-%
Total	<u>\$16.2</u>	<u>\$17.2</u>	6.2%	<u>\$12.1</u>	<u>\$11.4</u>	(5.8)%

Business-type Activities

For FY 2017, there was a decrease of approximately \$91,415 in unrestricted net position and a decrease of \$243,201 in total net position 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 \$234,378.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Business-type Activities (continued)

- The sanitation operation posted an operating loss of \$65,757. 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 \$168,621, and required no subsidy from the City's general fund.

For FY2017, revenues of the City's business-type activities were \$2,527,476 or approximately \$471,046 (16%) lower than the prior year total (see Table 2). This decrease was due to a capital infrastructure grant received during the 2016 fiscal year.

FIGURE A-5
Expenses & Program Revenues-Governmental Activities
For the Fiscal Year Ended September 30, 2017

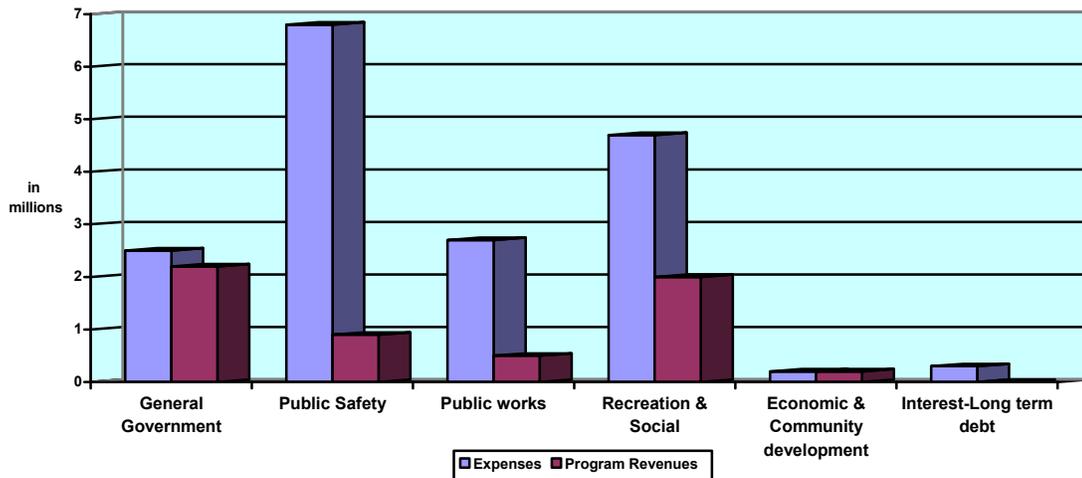
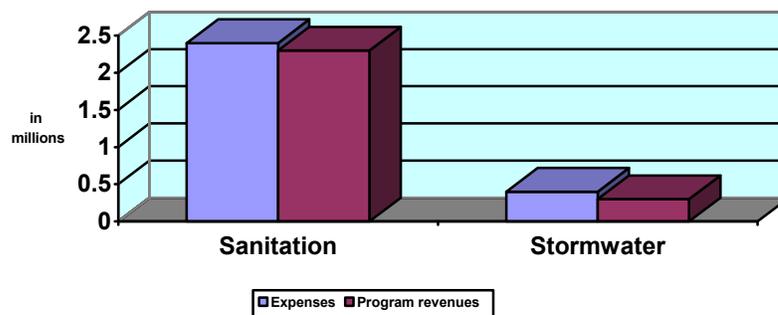


Figure A-6

Expenses & Program Revenues-Business-type Activities For the Fiscal Year Ended September 30, 2017



Operating expenses for the business-type activities decreased by \$163,818 or 5.6% from FY2016 mainly due to decreases in operating costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported combined fund balances of \$4.5 million, or an increase of \$900,000 compared to last year's combined fund balances of \$3.6 million. Included in this year's total change, is an increase in the General Fund balance of approximately \$523,429. The primary reasons for the increase are the same as those that have already been highlighted in the analysis of governmental activities. The Building Fund reported fund balance of \$513,285 or an increase of \$513,285 due to increased building activity from new hotels in the City.

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 \$3.7 million, as compared with \$3.2 million in the prior year. The breakdown of fund balance classifications is as follows:

- Unassigned fund balance was \$3.3 million compared to \$2.8 million in FY2016; increase was due Council directive to replenish fund balance to the 25% of budgeted expenditures level within FY 2017 and FY2018.
- Committed was \$198,831 compared to \$150,000 in FY2016; increase is due to funds appropriated during FY2017 for the construction of the new Senior center.
- Non-spendable was \$194,548 compared to \$214,573 last year; variance is due to the ending encumbrance balance for the current year.

During FY 2017, the General Fund provided a subsidy of \$174,145 to the Senior Center Fund to cover the operating deficits of this operation for the fiscal year.

When compared to 2016, total revenues for the General Fund increased by \$1,095,979 or 7.3%. Charges for Services increased by \$311,386 due increased recreation revenues from the golf operation and the opening of the new aquatic center. Fines and forfeitures increased by \$247,294 due to increased red light camera fines due to all cameras being functional during the year.

In fiscal year 2017, total General Fund expenditures increased by \$315,493 or 2.2% compared to the prior year. The bulk of the increase was a \$337,553 or 8.9% increase in Recreation and social services due to the opening of the new aquatic facility in July 2016. It should be noted that other departments reported slight increases in expenditures due to higher than expected operating costs.

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.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (continued)

General Fund Budgetary Highlights (continued)

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 \$388,596 below final budgeted amounts. The most significant contributor to this variance was lower than budgeted expenditures in police of \$215,392 due to lower operating costs.

Other significant savings of \$148,787 occurred in recreation. These savings were due to lower than expected operating expenditures as well as personnel vacancies during the year.

The fiscal year 2017 final amended budget was \$14,968,980 or an increase of 1.9% over the original General Fund budget of \$14,691,301. 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%. The final Adopted Budget would provide an increase of \$309,209 to our year end fund balance. The original General Fund budget consisted of \$14,691,301 in base expenditures and \$943,957 in operating transfers to the other funds.

Table 4
General Fund Revenues

<u>Revenue Sources</u>	<u>2017</u> <u>Amount</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>2016</u> <u>Amount</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From 2016</u>	<u>Percentage</u> <u>Increase</u> <u>(Decrease)</u>
Property taxes	\$7,502,682	46.3%	\$7,072,951	46.8%	\$429,731	6.1%
Franchise fees	945,352	5.8%	914,792	6.1%	30,560	3.3%
Utility taxes	1,248,950	7.7%	1,235,205	8.2%	13,745	1.1%
Communications services tax	545,266	3.4%	593,674	3.9%	(48,408)	-8.2%
Licenses and permits	130,041	0.8%	140,185	0.9%	(10,144)	-7.2%
Intergovernmental	1,983,904	12.2%	1,961,110	13.0%	22,794	1.2%
Charges for services	2,688,679	16.6%	2,377,293	15.7%	311,386	13.1%
Fines and forfeitures	810,051	5.0%	562,757	3.7%	247,294	43.9%
Investment income	18,837	0.1%	16,459	0.1%	2,378	14.4%
Rental revenues	215,827	1.3%	194,483	1.3%	21,344	11.0%
Other revenues	109,228	0.7%	33,929	0.2%	75,299	221.9%
Total revenues	\$16,198,817	100.0%	\$15,102,838	100.0%	\$1,095,979	7.3%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (continued)

General Fund Budgetary Highlights (continued)

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

Table 5
General Fund Expenditures

<u>Expenditures</u>	<u>2017</u> <u>Amount</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>2016</u> <u>Amount</u>	<u>Percent</u> <u>of</u> <u>Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>From 2016</u>	<u>Percentage</u> <u>Increase</u> <u>(Decrease)</u>
General government services	\$2,185,087	15.0%	\$2,294,008	16.1%	(\$108,921)	-4.7%
Public safety	6,443,820	44.2%	6,430,841	45.1%	12,979	0.2%
Public works	1,802,435	12.4%	1,728,553	12.1%	73,882	4.3%
Recreation and social services	4,149,043	28.5%	3,811,490	26.7%	337,553	8.9%
Total expenditures	<u>\$14,580,385</u>	<u>100.0%</u>	<u>\$14,264,892</u>	<u>100.0%</u>	<u>\$315,493</u>	<u>2.2%</u>

Differences between the original budget and the final amended budget increased appropriations by \$277,679 and can be briefly summarized as follows:

- ◆ \$60,090 in encumbrances carried over from FY2015-16.
- ◆ \$217,589 in additional appropriations related to miscellaneous citywide repair and maintenance expenditures and other citywide projects approved by council during the year.

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 \$206,757 for FY 2017.

The difference between the appropriations and the actual expenditures in the General Fund was approximately \$388,596 for fiscal year 2017. These variances are explained below:

- Lower than budgeted expenditures in recreation of \$148,787, general government of \$26,813, public works of \$50,066 and in public safety of \$162,930 due to personnel vacancies during the year as well as lower operating costs.

Other Major Governmental Funds

Hurricane Fund- This fund is used to account for the expenditures related to hurricane cleanup costs and property damage. These costs are reimbursed to the city by the Federal Emergency Management Administration (FEMA) and the State of Florida. The fund balance at year end was a deficit of \$185,053. This deficit will be eliminated in FY2018 once reimbursement is received from the agencies discussed above.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (continued)

Other Major Governmental Funds (continued)

Capital Projects Fund- This fund is used to account city-wide capital projects such as the aquatic facility project, The new Westward Bike Path project and the new Senior Center building. All of these projects are being financed through issuance of debt as well as grants. During the year the fund reported revenues of \$571,208 mainly from grants, and \$448,500 in debt proceeds. Expenditures for the year totaled \$940,048. The fund balance at year end was \$265,147 and will be appropriated in FY2018 for the completion of these projects.

Building Fund- This fund is used to account for all revenues and expenditures of the City's Building Department. During the year the fund reported revenues of \$1,221,363 mainly from permit fees. Expenditures for the year totaled \$708,079. The fund balance at year end was \$513,285.

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, 2017 increased by \$200,000 from the prior year. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, streets and median improvements, park facilities, and stormwater infrastructure.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2016	2017	2016	2017	2016	2017	2016-2017
Land	\$ 3.1	\$ 3.1	\$ -	\$ -	\$ 3.1	\$ 3.1	0.0%
Buildings	13.8	13.8	-	-	13.8	13.8	0.0%
Improvements other than buildings	1.1	1.9	-	-	1.1	1.9	72.7%
Equipment	2.6	2.3	1.2	1.2	3.8	3.5	-7.9%
Infrastructure	4.5	4.3	2.6	2.5	7.1	6.8	-4.2%
Construction in progress	5.4	5.4	0.0	0.0	5.4	5.4	0.0%
Total	\$ 30.5	\$ 30.8	\$ 3.8	\$ 3.7	\$ 34.3	\$ 34.5	0.6%

This year's major capital asset additions before depreciation for the governmental activities equaled approximately \$1,411,695 and includes the following:

- The City completed the Aquatic Facility Project, as well as a new parking lot at the Curtis mansion site.
- Scheduled replacement of certain police vehicles and other police equipment, public works trucks and equipment, and other citywide equipment and infrastructure.
- Commenced the Westward Bike Path project.

This year's major capital asset additions before depreciation for the business-type activities equaled \$173,120 and includes the following:

- Purchase of new trucks for the Sanitation operation.

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Additional information on the City's capital assets can be found in Note 5 on pages 42 to 43 of this report.

Long-term debt. At year-end the City had \$7 million in notes payable and \$1.6 in capital leases payable, as shown in Table 7. Total debt increased by approximately \$0.5 million or 5.9%. This increase was due to the execution of a new note to finance the Westward Bike Path project.

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
	2016	2017	2016	2017	2016	2017	2016-17
Notes payable	7.0	7.0	-	-	7.0	7.0	0.0%
Capital lease payable	1.0	1.6	0.5	0.4	1.5	2.0	33.3%
Total	\$ 8.0	\$ 8.6	\$ 0.5	\$ 0.4	\$ 8.5	\$ 9.0	5.9%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATIOS

The City of Miami Springs is a residential community, single family community. As such, standard economic indicators used to determine the overall health of a community are slightly different for Miami Springs. The City recognizes the importance of increasing its commercial tax base, for FY2017 the commercial portion of the total assessed values was 34% compared to 24% back in FY2009. The City continues to attract new hotel and other commercial developments in order to continue increasing its commercial tax base. Quality recreational activities, including the City's golf course, community center, and new aquatic facility, support the residents' requirements for high standards and outstanding recreation and leisure activities. This, along with its own public safety department, provides a higher standard of living than that which is found in surrounding municipalities.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATIOS (CONTINUED)

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.

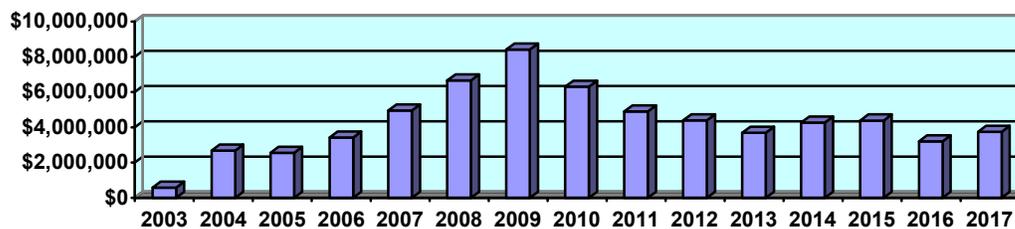
Revenues (excluding transfers) in the FY 2018 adopted General Fund budget are \$16.4 million, an increase of approximately 1.2% from the FY 2017 actual revenues of \$16.2 million. Property taxes account for most of this increase.

Fiscal year 2018 budgeted expenditures and transfers are expected to be \$16 million, or 2%, higher than the fiscal year 2017 actual of \$15.7 million. Given the current economic conditions, the City's budgetary General Fund balance is expected to report an increase of approx. \$465,000 in FY2017-18.

During the current fiscal year, the total fund balance in the General Fund was \$3.7 million compared to \$3.2 million from last year. This \$3.7 million is approximately equal to 2.8 months of General Fund budgeted expenditures. Between fiscal years 2002 and 2017, the City, as can be seen at Figure A-7, rebuilt its fund balance to over \$3.7 million. During the past 5 fiscal years the city has been using reserves to fund repairs and/or replacement of its aging infrastructure as well as replacement of aging equipment in its golf course, police and public works operations.

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.

Figure A-7
General Fund Unrestricted Surplus (Deficit)
For the fiscal year ended September 30,

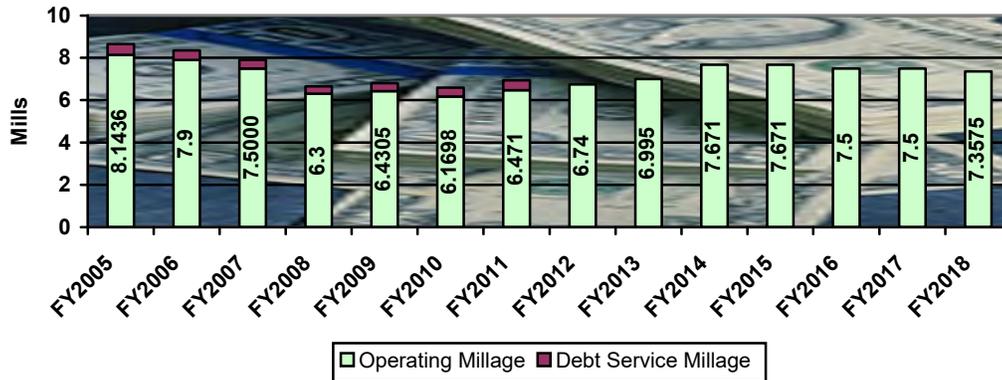


ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATIOS (CONTINUED)

The operating millage rate for tax year 2017, which is collected in fiscal year 2018, is 7.3575 or \$7.3575 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.

Property values for fiscal year 2017 were \$1,121,726 or an increase of approximately \$83 million or 8% from the \$1,038,827 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. If you have questions about the report or need additional financial information, contact William Alonso, CPA, CGFO, City Manager/Finance Director, City of Miami Springs, 201 Westward Drive, Miami Springs, Florida 33166.

BASIC FINANCIAL STATEMENTS

CITY OF MIAMI SPRINGS, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2017

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and equity in pooled cash and investments	\$ 2,362,744	\$ 20,000	\$ 2,382,744
Accounts receivable - net	1,356,064	162,904	1,518,968
Internal balances	831,630	(831,630)	-
Inventories	194,548	-	194,548
Other assets	-	-	-
Restricted assets:			
Cash and equity in pooled cash and investments	1,035,515	-	1,035,515
Capital assets:			
Land	3,085,904	-	3,085,904
Construction in progress	5,459,868	-	5,459,868
Building	18,761,794	-	18,761,794
Equipment	8,744,232	2,479,801	11,224,033
Improvements other than building	4,988,128	5,203,189	10,191,317
Infrastructure	18,149,366	-	18,149,366
Total capital assets	59,189,291	7,682,990	66,872,281
Less accumulated depreciation	(28,436,770)	(4,031,645)	(32,468,415)
Total capital assets - net	30,752,521	3,651,345	34,403,866
Total assets	36,533,022	3,002,619	39,535,640
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions	1,121,774	82,073	1,203,847
LIABILITIES			
Accounts payable and accrued expenses	1,102,573	24,737	1,127,310
Accrued payroll	152,961	13,079	166,040
Unearned revenue	70,559	-	70,559
Noncurrent liabilities:			
Due within One Year:			
Bonds and Loans Payable	711,094	194,561	905,655
Compensated Absences	943,260	72,359	1,015,619
Due in More Than One Year:			
Bonds and Loans Payable	7,912,594	259,854	8,172,448
Compensated Absences	476,154	78,547	554,701
Other Post Employment Benefits	945,175	117,101	1,062,276
Net pension liability	2,464,437	26,073	2,490,510
Total liabilities	14,778,809	786,311	15,565,120
DEFERRED INFLOWS OF RESOURCES			
Pension expenses	896,788	35,280	932,068
NET POSITION			
Net investment in capital assets	22,128,831	3,196,929	25,325,760
Restricted for:			
Law Enforcement	352,438	-	352,438
Capital Projects	265,147	-	265,147
Roads and transportation	107,998	-	107,998
Senior Center	429	-	429
Unrestricted	(690,589.73)	(933,828)	(1,624,418)
Total net position	\$ 21,979,200	\$ 2,263,101	\$ 24,242,301

See notes to basic financial statements

CITY OF MIAMI SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Functions/programs						
Governmental activities:						
General government	\$ 2,516,963	\$ 2,146,351	\$ -	\$ -	\$ (370,612)	\$ -
Public safety	6,819,142	839,801	17,393	-	(5,961,948)	-
Public works	2,727,291	-	-	521,208	(2,206,083)	-
Recreation and social services	4,741,661	1,756,719	233,694	50,000	(2,701,248)	-
Economic and community development	150,675	15,770	-	-	(134,905)	-
Interest on long-term debt	275,269	-	-	-	(275,269)	-
Total governmental activities	<u>17,231,001</u>	<u>4,758,641</u>	<u>251,087</u>	<u>571,208</u>	<u>(11,650,064)</u>	<u>-</u>
Business-type activities:						
Sanitation	2,352,252	2,275,369	-	-	-	(76,883)
Stormwater	420,728	252,106	-	-	-	(168,622)
Total business activities	<u>2,772,980</u>	<u>2,527,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(245,505)</u>
Total	<u>\$ 20,003,981</u>	<u>\$ 7,286,117</u>	<u>\$ 251,087</u>	<u>\$ 571,208</u>	<u>\$ (11,650,064)</u>	<u>\$ (245,505)</u>
General revenues:						
Property taxes, levied for general purpose				\$ 7,502,682	\$ -	\$ 7,502,682
Utility taxes				1,794,216	-	1,794,216
Franchise fees on gross receipts				945,352	-	945,352
Intergovernmental (unrestricted)				2,584,170	-	2,584,170
Investment income				21,765	2,303	24,068
Other				597,511	-	597,511
Total general revenues				<u>13,445,696</u>	<u>2,303</u>	<u>13,448,000</u>
Change in net position				<u>1,795,631</u>	<u>(243,201)</u>	<u>1,552,431</u>
Net position, October 1				<u>20,183,569</u>	<u>2,506,302</u>	<u>22,689,871</u>
Net position, September 30				<u>\$ 21,979,200</u>	<u>\$ 2,263,101</u>	<u>\$ 24,242,301</u>

See notes to basic financial statements

CITY OF MIAMI SPRINGS, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

Major Funds

	<u>General</u>	<u>Building Fund</u>	<u>Hurricane Fund</u>	<u>Capital Projects</u>	<u>Miami Springs Properties, Inc and Subsidiaries</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>							
Cash and equity in pooled cash and investments	\$ 1,904,550	\$ -	\$ -	\$ 458,033	\$ 60	\$ 100	\$ 2,362,744
Accounts receivable - net	1,107,287	2,598	-	21,885	-	224,294	1,356,064
Inventories	194,548	-	-	-	-	-	194,548
Due from other funds	998,552	-	-	-	-	-	998,552
Restricted assets:							
Cash and equity in pooled cash and investments	-	683,076	-	-	-	352,439	1,035,515
Total assets	<u>\$ 4,204,937</u>	<u>\$ 685,674</u>	<u>\$ -</u>	<u>\$ 479,918</u>	<u>\$ 60</u>	<u>\$ 576,833</u>	<u>\$ 5,947,422</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Accounts payable	\$ 219,749	\$ 8,813	\$ 83,416	\$ 214,772	\$ -	\$ 47,613	\$ 574,363
Accrued payroll	144,473	5,419	-	-	-	3,070	152,962
Due to other funds	-	-	101,637	-	-	65,285	166,922
Other liabilities	41,391	158,158	-	-	328,661	-	528,211
Unearned revenues	70,559	-	-	-	-	-	70,559
Total liabilities	<u>476,172</u>	<u>172,390</u>	<u>185,053</u>	<u>214,772</u>	<u>328,661</u>	<u>115,968</u>	<u>1,493,017</u>
<u>FUND BALANCES</u>							
Nonspendable	194,548	-	-	-	-	-	194,548
Restricted	-	513,284	-	-	-	460,436	973,720
Committed	198,831	-	-	265,147	-	-	463,978
Assigned	-	-	-	-	-	429	429
Unassigned	3,335,386	-	(185,053)	-	(328,601)	-	2,821,732
Total fund balances	<u>3,728,764</u>	<u>513,284</u>	<u>(185,053)</u>	<u>265,147</u>	<u>(328,601)</u>	<u>460,865</u>	<u>4,454,405</u>
Total liabilities and fund balances	<u>\$ 4,204,937</u>	<u>\$ 685,674</u>	<u>\$ 0</u>	<u>\$ 479,918</u>	<u>\$ 60</u>	<u>\$ 576,833</u>	<u>\$ 5,947,422</u>

See notes to basic financial statements

CITY OF MIAMI SPRINGS, FLORIDA

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS SEPTEMBER 30, 2017

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

Total fund balances - governmental funds (Page 22)	\$ 4,454,405
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental capital assets	59,189,291
Less accumulated depreciation	(28,436,770)
OPEB liability	(945,175)
Net pension liability	(2,464,437)
Deferred inflows/outflows	224,990
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	(8,623,689)
Compensated absences	(1,419,415) <u>(10,043,104)</u>
Net position of governmental activities (Page 20)	<u>\$ 21,979,200</u>

CITY OF MIAMI SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Major Funds						Total Governmental Funds
	General	Building Fund	Hurricane Fund	Capital Projects	Miami Springs Properties, Inc and Subsidiaries	Other Governmental Funds	
Revenues:							
Taxes and franchise fees	\$ 8,448,034	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,448,034
Charges for services	2,688,679	-	-	-	-	35,018	2,723,696
Public service taxes	1,794,216	-	-	-	-	-	1,794,216
Intergovernmental	1,983,904	-	-	571,208	-	795,323	3,350,436
Licenses and permits	130,041	1,219,578	-	-	-	-	1,349,619
Fines and forfeitures	810,051	-	-	-	-	38,636	848,687
Investment income	18,837	1,785	-	-	-	1,143	21,765
Other	325,055	-	-	-	35,004	2,956	363,015
Total revenues	16,198,817	1,221,363	-	571,208	35,004	873,076	18,899,469
Expenditures:							
Current:							
General government	2,172,041	-	-	-	-	-	2,172,041
Public safety	6,296,968	708,079	-	-	-	54,108	7,059,155
Public works	1,741,335	-	183,240	-	-	498,283	2,422,858
Recreation and social services	3,894,971	-	-	26,372	-	417,271	4,338,614
Economic and community development	-	-	-	-	12,322	-	12,322
Debt service:							
Principal retirement	-	-	-	-	-	663,280	663,280
Interest and fiscal charges	-	-	-	-	-	275,269	275,269
Capital outlay:							
General government	13,046	-	-	-	-	20,994	34,040
Public safety	146,852	-	-	-	-	-	146,852
Public works	61,100	-	-	778,856	-	137	840,092
Recreation and social services	254,072	-	1,813	134,820	-	-	390,706
Economic and community development	-	-	-	-	137,968	-	137,968
Total expenditures	14,580,385	708,079	185,053	940,048	150,290	1,929,342	18,493,195
Excess (Deficiency) of revenues over expenditures before other financing (uses) sources	<u>1,618,432</u>	<u>513,284</u>	<u>(185,053)</u>	<u>(368,840)</u>	<u>(115,286)</u>	<u>(1,056,266)</u>	<u>406,273</u>
Other financing sources (uses):							
Issuance of debt	-	-	-	448,500	-	-	448,500
Transfers in	-	-	-	-	-	1,112,694	1,112,694
Transfers out	(1,095,004)	-	-	-	-	(17,690)	(1,112,694)
Total other financing sources (uses)	<u>(1,095,004)</u>	<u>-</u>	<u>-</u>	<u>448,500</u>	<u>-</u>	<u>1,095,004</u>	<u>448,500</u>
Net change in fund balances	523,428	513,284	(185,053)	79,660	(115,286)	38,738	854,770
Fund balances - beginning	3,205,336	-	-	185,487	(213,315)	422,127	3,599,635
Fund balances - ending	\$ 3,728,764	\$ 513,284	\$ (185,053)	\$ 265,147	\$ (328,601)	\$ 460,865	\$ 4,454,405

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, 2017

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)	\$	854,770
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital outlays	\$ 1,549,658	
Less current year depreciation	(1,305,371)	244,286
Net effect of various miscellaneous transactions involving capital assets (ie:sales, trade-ins, capital outlay not meeting threshold)		(148,368)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds</p>		
Change in OPEB liability		(86,542)
Change in Compensated Absences		(89,429)
Change in deferred Inflows		(127,863)
Change in deferred outflows		933,996
<p>The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Principal payments		663,280
Issuance of debt		<u>(448,500)</u>
Change in net position of governmental activities (Page 21)	\$	<u>1,795,631</u>

CITY OF MIAMI SPRINGS, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2016

<u>ASSETS</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
Current assets:			
Cash and equity in pooled cash and investments	\$ 20,000	\$ -	\$ 20,000
Accounts receivable - net	112,318	50,587	162,904
Total current assets	<u>132,318</u>	<u>50,587</u>	<u>182,904</u>
Non-current assets:			
Capital assets:			
Equipment	2,141,315	338,486	2,479,801
Infrastructure	-	5,203,189	5,203,189
Total capital assets	2,141,315	5,541,675	7,682,990
Less accumulated depreciation	<u>(1,158,654)</u>	<u>(2,872,991)</u>	<u>(4,031,645)</u>
Total capital assets - net	982,661	2,668,684	3,651,346
Total noncurrent assets	<u>982,661</u>	<u>2,668,684</u>	<u>3,651,346</u>
Total assets	<u>1,114,979</u>	<u>2,719,271</u>	<u>3,834,251</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions	67,103	14,970	82,073
 Current liabilities:			
Accounts payable	23,226	1,511	24,737
Due to other funds	408,351	423,278	831,630
Accrued liabilities	11,474	1,607	13,081
Current portion of notes payable	194,561	-	194,561
Compensated absences	63,261	9,098	72,359
Total current liabilities	<u>700,873</u>	<u>435,494</u>	<u>1,136,368</u>
Non-current liabilities:			
OPEB Liability	100,372	16,729	117,101
Notes payable	259,854	-	259,854
Net pension liability	21,332	4,741	26,073
Compensated absences	65,661	12,886	78,547
Total noncurrent liabilities	<u>447,219</u>	<u>34,356</u>	<u>481,575</u>
Total liabilities	<u>1,148,092</u>	<u>469,850</u>	<u>1,617,943</u>
 DEFERRED INFLOWS OF RESOURCES			
Pension expenses	28,865	6,415	35,280
 <u>NET POSITION</u>			
Net investment in capital assets	528,245	2,668,684	3,196,929
Unrestricted	<u>(523,120)</u>	<u>(410,708)</u>	<u>(933,828)</u>
Total net position	<u>\$ 5,125</u>	<u>\$ 2,257,976</u>	<u>\$ 2,263,101</u>

See notes to basic financial statements

CITY OF MIAMI SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND TYPES
FISCAL YEAR ENDED SEPTEMBER 30, 2017

Business-type Activities -
Enterprise Funds

	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 2,275,369	\$ 252,106	\$ 2,527,476
Total operating revenues	<u>2,275,369</u>	<u>252,106</u>	<u>2,527,476</u>
Operating expenses:			
Administrative costs	1,209,839	102,119	1,311,958
Operations and maintenance	292,401	118,010	410,411
Disposal and recycling costs	705,183	-	705,183
Depreciation and amortization	133,703	200,599	334,301
Total operating expenses	<u>2,341,126</u>	<u>420,728</u>	<u>2,761,854</u>
Operating income (loss)	<u>(65,757)</u>	<u>(168,622)</u>	<u>(234,378)</u>
Non-operating revenues (expenses):			
Interest income	2,303	-	2,303
Interest expense and fees	<u>(11,125)</u>	<u>-</u>	<u>(11,125)</u>
Total non-operating expenses	<u>(8,822)</u>	<u>-</u>	<u>(8,822)</u>
Change in net position	(74,579)	(168,622)	(243,200)
Total net position, October 1	<u>79,704</u>	<u>2,426,598</u>	<u>2,506,302</u>
Total net position, September 30	<u>\$ 5,125</u>	<u>\$ 2,257,976</u>	<u>\$ 2,263,101</u>

See notes to basic financial statements.

CITY OF MIAMI SPRINGS, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received from customers, governments and other funds	\$ 2,513,254	\$ 242,905	\$ 2,756,159
Cash paid to suppliers	(1,041,234)	(123,168)	(1,164,401)
Cash paid to employees	(790,679)	(59,737)	(850,416)
Payments for interfund services used	(470,000)	(60,000)	(530,000)
Net cash provided by operating activities	<u>211,341</u>	<u>0</u>	<u>211,341</u>
Cash Flows From Capital And Related Financing Activities:			
Acquisition of capital assets	(173,120)	-	(173,120)
Principal retirements of capital debt	(182,519)	-	(182,519)
Interest paid on capital debt	(11,125)	-	(11,125)
Net proceeds from capital lease	173,120	-	173,120
Net cash (used in) capital and related financing activities	<u>(193,644)</u>	<u>-</u>	<u>(193,644)</u>
Cash Flows From Investing Activities:			
Interest and other income	2,303	-	2,303
Net cash provided by investing activities	<u>2,303</u>	<u>-</u>	<u>2,303</u>
Net (Decrease) In Pooled Cash and Investments	20,000	-	20,000
Pooled Cash And Investments, October 1	-	-	-
Pooled Cash And Investments, September 30	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>
Reconciliation Of Operating Loss To Net Cash Provided By Operating Activities:			
Operating (loss)	<u>\$ (65,757)</u>	<u>\$ (168,622)</u>	<u>\$ (234,379)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization	133,703	200,599	334,302
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	25,849	(15,175)	10,674
Decrease in deferred outflows	33,972	6,621	40,593
(Decrease) increase in accounts payable	(3,103)	1,502	(1,601)
Increase (Decrease) in accrued liabilities	(1,453)	(108)	(1,561)
Increase (Decrease) in compensated absences	12,882	(285)	12,597
Increase in OPEB liabilities	1,593	1,531	3,124
Decrease in pension liability	(70,220)	(14,767)	(84,987)
Increase in deferred inflows	(88,925)	(15,739)	(84,664)
Increase in due to other funds	212,800	4,443	217,243
Total adjustments	<u>277,098</u>	<u>168,622</u>	<u>445,720</u>
Net Cash provided by operating activities	<u>\$ 211,341</u>	<u>\$ (0)</u>	<u>\$ 211,341</u>

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF MIAMI SPRINGS, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Miami Springs, Florida (the "City") is a political subdivision of the State of Florida located in Miami-Dade County. The City operates under a Council-Manager form of government. The City Council is governed by the City Charter and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed City Manager. The City provides public safety, general government, recreation and public works services to its residents. The City does not provide educational, fire or hospital facilities. Those services are provided by the Miami-Dade County School Board and Miami-Dade County, respectively. The accompanying financial statements present the City for the fiscal year ended September 30, 2017.

As required by generally accepted accounting principles, these basic financial statements present the reporting entity of the City. Component units are legally separate entities for which the government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the City's combined financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization's governing body and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Board. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity financial statements to be misleading or incomplete.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that one entity met the definition for inclusion as a blended component unit. There were no discretely presented component units.

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 is governed by the City's elected council. MSPI is included as a blended component unit because the City is able to impose its will on MSPI and there is a direct financial benefit to the City. MSPI has a calendar year end and its first year of operations was for the year ended December 31, 2012. The December 31, 2016 financial statements are reported as a special revenue fund and does not issue separate financial statements. See Note 11 for additional information regarding this entity.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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 **building operations fund** is used to account for revenues and expenditures related to the licensing and permitting of all building activity.

The **hurricane fund** is used to account for expenditures related to Hurricane Irma cleanup and property damage costs.

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

The **Miami Springs Properties, Inc. fund** is a blended component unit related to the historic tax transaction.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The financial statements of the City follow the guidance of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* for both the government wide and proprietary fund financial statements. Governments also have the option of following subsequent FASB pronouncements for their business-type activities and enterprise funds subject to this same limitation. The City has elected not to follow subsequent FASB 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 three months or less from the date of acquisition. The City maintains a pooled cash account for all funds. This enables the City to invest large amounts of idle cash for short periods of time and to optimize earnings potential.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (continued)

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

E. Receivables and Payables

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

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, 2017 was 7.5000 mills (\$7.50 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Proceeds from the People's Transportation Tax are classified as restricted since these resources may only be used for road and transportation related expenditures. Additionally, proceeds from the Building Operations Fund are classified as restricted since these resources may only be used for the operation of the building function.

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, donated works of art and similar items, as well as capital assets received in a service concession arrangement are recorded at acquisition 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. Receivables, which, under the modified accrual basis of accounting, are measurable, but not yet available would be presented as deferred inflows of resources. The unearned items consist primarily of license and permit revenues, and developer fees related to the tax credit transaction.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences (Continued)

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 position. Bond issuance costs are expensed in the period that the debt is issued.

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 Position

Total equity as of September 30, 2017, is classified into three components of net position:

- Net investment in capital assets: 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 position: 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 position: This category includes all of the remaining net position that does not meet the definition of the other two categories.

Reconciliation of Net investment in capital assets-Governmental Activities

Capital assets - net	\$ 30,752,520
Bonds and loans payable	<u>(8,623,689)</u>
Net investment in capital assets	<u>\$ 22,128,831</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Balance-Governmental Funds (Continued)

As of September 30, 2017, fund balances of the governmental funds are classified as follows:

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

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

Committed — Amounts that can be used only for specific purposes determined by a formal action of the City Council. Ordinances and resolutions approved by 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. Ordinances and resolutions are equally binding.

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. Unassigned fund balance is the residual classification that has not been restricted, committed or assigned. Any residual (unassigned) balance must be positive in the General fund but may be negative in any other governmental fund as a result of overspending for specific purposes for which amounts have been restricted, committed or assigned.

The general fund is the only fund that reports a positive unassigned fund balance amount. On other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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. The total unassigned fund balance at the end of FY2017 is \$3,355,388 or approximately \$289,708 less than our required minimum of \$3,645,096 in order to meet the 25% requirement. In accordance with the adopted policy of funding any deficit within the next two fiscal years, Council agreed to fully fund this deficit with a \$454,121 in FY2018 at which time the fund balance will exceed the \$3.6 million and in compliance with the 25% requirement.

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

N. Fund Balance-Governmental Funds (Continued)

As of September 30, 2017, fund balances are composed of the following:

General Fund	Major Special Revenue Fund	Major Special Revenue Fund	Major Special Revenue Fund	Major Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	Building Fund	Hurricane Fund	Miami Springs Properties, Inc	Capital Projects		

Fund balances:

Nonspendable:

Inventories \$ 194,548 \$ - \$ - \$ 194,548

Restricted for:

Law enforcement - - - 352,438 352,438
 Building Department - 513,285 - - 513,285
 Road and transportation - - - 107,998 107,998

Committed to:

Senior Center Building 198,831 - - - 198,831
 Capital projects - - 265,147 - 265,147

Assigned to:

Elderly services - - - 429 429

Unassigned:

3,335,388 - (185,053) (328,601) - - 2,821,734

Total fund balances \$ 3,728,767 \$ 513,285 \$ (185,053) \$ (328,601) \$ 265,147 \$ 460,865 \$ 4,454,410

General Fund	Major Special Revenue Fund	Major Special Revenue Fund	Major Special Revenue Fund	Major Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	Building Fund	Hurricane Fund	Miami Springs Properties, Inc	Capital Projects		

Fund balances:

Nonspendable \$ 194,548 \$ - \$ - \$ 194,548

Restricted - 513,285 - - 460,436 973,721

Committed 198,831 - - 265,147 - 463,978

Assigned - - - - 429 \$ 429

Unassigned 3,335,388 - (185,053) (328,601) - - 2,821,734

Total fund balances \$ 3,728,767 \$ 513,285 \$ (185,053) \$ (328,601) \$ 265,147 \$ 460,865 \$ 4,454,410

- A deficit unassigned fund balance of (\$185,053) exists in the Hurricane fund due to initial costs incurred in the aftermath of Hurricane Irma. It is expected that once FEMA reimbursement is received beginning in FY2018 the deficit will be eliminated.
- A deficit unassigned fund balance of (\$328,601) exists in the Miami Springs Properties, Inc. and Subsidiaries. This component unit was closed out in FY2018 and the deficit unassigned fund balance was eliminated.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Miami Springs' General Employees' Pension Plan and the Police & Firefighters Pension Plan ("the Plans") and additions to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

R. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted- net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Revenue Restrictions

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

For the fiscal year ended September 30, 2017, the City complied, in all material respects, with these revenue restrictions.

Excesses of expenditures over appropriations

For the fiscal year ended September 30, 2017 expenditures exceeded appropriations in the General fund for the following departments; Human resources \$7,225, city attorney \$4,652, finance \$14,896, code enforcement \$52,461, public works-administration \$2,224, public works-fleet maintenance \$21,641, recreation-park maintenance \$27,291, recreation-golf pro shop \$164,459 and recreation-golf administration \$1,361. These over-expenditures were funded by available fund balance and greater than anticipated revenues in the General fund.

3. DEPOSITS AND INVESTMENTS

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

The City does not have a written investment policy and follows the State of Florida investment policy as set forth in State Statute 218-415. Allowable investments include United States government obligations, guaranteed United States agency short-term issues, Florida bank certificates of deposit, and investments authorized by City Council.

As of September 30, 2017, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
BB&T Money Market	\$ 536,776	1
City National Bank Money Market	<u>1,513,828</u>	1
Total Fair Value	<u>\$2,049,604</u>	
Portfolio weighted average maturity		<u>1</u>

Interest Rate Risk – The City does not have a written policy on interest rate risk, however, the City manages its exposure to declines in fair values by limiting the weighted average monthly maturity of its investment portfolio to less than six months (180 days). At September 30, 2017, the portfolio's weighted average maturity was 1 day.

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk – The City’s investment policy specifically sets parameters to minimize the City’s credit risk by:

- Limiting investments to the safest type of issuer
- Pre-qualifying the financial institution, pools, money market funds, and broker/dealer with which the City will do business, and
- Diversifying the investment portfolio so that potential losses on individual issuers will be minimized.

The City’s investments are with institutions that are designated public depositories by the State of Florida, all funds in those institutions are collateralized.

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. At September 30, 2017, the City had no 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 \$1,355,481. The bank balance of the City’s deposits as of September 30, 2017 was \$1,841,983.

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 BB&T Money Market account are entirely insured by federal depository insurance or collateralized by the multiple financial institution collateral pool

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 Position</u>		<u>By Category</u>	
Cash and equity in pooled cash	\$ 2,382,744	Cash	\$ 13,173
and investments			
Restricted assets:		Deposits	1,355,481
Cash and cash equivalents	<u>1,035,514</u>	Investments	<u>2,049,604</u>
	<u>\$ 3,418,258</u>		<u>\$3,418,258</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>	Building <u>Fund</u>	Hurricane <u>Fund</u>	Capital <u>Projects</u>	Non-major <u>Governmental</u>	Total <u>Receivables</u>
Governmental activities						
Accounts	\$ 513,951	\$ 13,801	\$ -	\$ -	\$ -	\$ 527,752
Taxes	745,546	-	-	-	192,141	937,687
Other	37,628	-	-	21,885	32,153	91,666
Gross receivables	1,297,125	13,801	-	21,885	224,294	1,557,105
Less: Allowance for Uncollectible:	(189,838)	(11,203)	-	-	-	(74,538)
Net total receivables	\$ 1,107,287	\$ 2,598	\$ -	\$ 21,885	\$ 224,294	\$ 1,356,064

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	\$225,925	\$ 59,888	\$285,813
Less: Allowance for Un-collectibles	<u>(113,607)</u>	<u>(9,301)</u>	<u>(122,908)</u>
Net total receivables	<u>\$ 112,318</u>	<u>\$ 50,587</u>	<u>\$162,905</u>

Governmental funds report *deferred inflows of resources* for receivables on revenues considered to be not yet available to liquidate liabilities of the current period. Governmental funds also report unearned revenues on revenues received but not yet earned. On September 30, 2017, *unearned revenue* in the governmental funds amounted to \$70,559 representing FY 2017-18 occupational licenses that were paid in advance. In addition, there were \$158,158 in deferred technology and scanning fees collected by the Building Department, as well as \$328,661 in deferred developer fees related to the blended component unit as a result of the tax credit transaction. 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	113,607
Uncollectibles related to stormwater fees	<u>9,301</u>
Total uncollectibles of the current fiscal year	<u>\$122,908</u>

Payables at September 30, 2017 were as follows:

	<u>Vendors</u>
Governmental activities:	
General	\$ 219,479
Building Fund	8,813
Hurricane Fund	83,416
Capital Projects Fund	214,773
Nonmajor funds	<u>47,612</u>
Total governmental activities	<u>\$ 574,363</u>
Business-type activities:	
Sanitation	23,226
Stormwater	<u>1,511</u>
Total business-type activities	<u>\$ 24,737</u>

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2017 was as follows:

	Balance <u>October 1, 2016</u>	<u>Additions</u>	Deletions/ <u>Transfers</u>	Balance <u>Sept. 30, 2017</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 3,085,904	-	\$ -	\$ 3,085,904
Construction in progress	<u>5,467,563</u>	<u>378,092</u>	<u>(385,787)</u>	<u>5,459,868</u>
Total capital assets not being depreciated	<u>8,553,467</u>	<u>378,092</u>	<u>(385,787)</u>	<u>8,545,772</u>
Capital assets being depreciated:				
Building	18,676,733	85,060	-	18,761,793
Infrastructure	18,149,366	-	-	18,149,366
Improvements other than buildings	3,796,700	866,642	324,786	4,988,128
Machinery and equipment	<u>8,541,692</u>	<u>280,871</u>	<u>(78,331)</u>	<u>8,744,232</u>
Total capital assets being depreciated	<u>49,164,491</u>	<u>1,232,573</u>	<u>246,455</u>	<u>50,643,519</u>
Less accumulated depreciation for:				
Building	(4,876,352)	(379,907)	-	(5,256,259)
Infrastructure	(13,644,387)	(240,955)	-	(13,885,342)
Improvements other than buildings	(2,696,685)	(127,015)	-	(2,823,700)
Machinery and equipment	<u>(5,965,089)</u>	<u>(557,494)</u>	<u>51,114</u>	<u>(6,471,469)</u>
Total accumulated depreciation	<u>(27,182,513)</u>	<u>(1,305,371)</u>	<u>51,114</u>	<u>(28,436,770)</u>
Total capital assets being depreciated, net	<u>21,981,978</u>	<u>(72,798)</u>	<u>297,569</u>	<u>22,206,749</u>
Governmental activities capital assets, net	<u>\$ 30,535,445</u>	<u>\$ 305,293</u>	<u>\$ (88,218)</u>	<u>\$ 30,752,520</u>
	Balance <u>October 1, 2016</u>	<u>Additions</u>	Deletions/ <u>Transfers</u>	Balance <u>September 30, 2017</u>
Business-type activities				
Capital assets being depreciated:				
Infrastructure	5,203,189	-	-	5,203,189
Machinery and equipment	<u>2,306,681</u>	<u>173,120</u>	-	<u>2,479,801</u>
Total capital assets being depreciated	<u>7,509,870</u>	<u>173,120</u>	-	<u>7,682,990</u>
Less accumulated depreciation for:				
Infrastructure	(2,557,054)	(172,954)	-	(2,730,008)
Machinery and equipment	<u>(1,140,290)</u>	<u>(161,347)</u>	-	<u>(1,301,637)</u>
Total accumulated depreciation	<u>(3,697,344)</u>	<u>(334,301)</u>	-	<u>(4,031,645)</u>
Total capital assets being depreciated, net	<u>3,812,526</u>	<u>(161,181)</u>	-	<u>3,651,345</u>
Business activities capital assets, net	<u>\$ 3,812,526</u>	<u>\$ (161,181)</u>	<u>\$ -</u>	<u>\$ 3,651,345</u>

5. CAPITAL ASSETS (CONTINUED)

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

General government	\$ 397,045
Public Safety	241,423
Public works	276,403
Recreation and social services	376,599
Economic and community development	<u>13,901</u>
Total depreciation expense – governmental activities	<u>\$1,305,371</u>
Business- type activities	
Sanitation	161,347
Stormwater	<u>172,954</u>
Total depreciation expense – business- type activities	<u>\$ 334,301</u>

6. LONG-TERM DEBT

Capital Improvement Refunding Revenue Note-Series 2015

On February 27, 2015, the City issued the Capital Improvement Refunding Revenue Note Series 2015 in an amount of \$7,554,000 with SunTrust Bank. The proceeds were used as follows: \$1,986,733 was used to refund the \$2,435,812 Capital Improvement Refunding Revenue Note Series 2010 with SunTrust Bank, and \$5,567,267 was used to fund the construction of a new aquatic facility. The refunding note has a fixed interest rate of 3.07% and matures on February 1, 2030. The refunding note is payable solely from and secured by the City's Public Service Tax Revenues and Franchise Fee Revenues. The City achieved a cash flow difference and an economic gain of approximately \$67,719 as a result of the refunding. The balance at September 30, 2017 was \$6,546,000.

Capital Improvement Revenue Note Series 2017

On April 28, 2017, the City issued the Capital Improvement Revenue Note Series 2017 in an amount of \$448,500 with Branch Banking and Trust (BB&T). The proceeds were used to fund the Westward Bike Path project. The note has a fixed interest rate of 2.13% and matures on April 1, 2014. The note is payable solely from and secured by the City's Transportation Surtax revenues. The balance at September 30, 2017 was \$432,482.

6. LONG-TERM DEBT (CONTINUED)

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

	<u>Series 2015 Capital Improvement Refunding Note</u>		<u>Series 2017 Capital Improvement Revenue Note</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	437,000	197,662	64,071	8,700	501,071	206,362
2019	450,000	184,139	64,071	7,336	514,071	191,474
2020	465,000	170,216	64,071	5,971	529,071	176,187
2021	479,000	155,833	64,071	4,606	543,071	160,440
2022	493,000	141,020	64,071	3,242	557,071	144,262
2023-2027	2,708,000	466,348	112,127	2,388	2,820,125	468,736
2028-2030	<u>1,514,000</u>	<u>70,410</u>	<u>-</u>	<u>-</u>	<u>1,514,000</u>	<u>70,410</u>
Total, net	<u>\$6,546,000</u>	<u>\$1,385,628</u>	<u>\$432,482</u>	<u>\$32,243</u>	<u>\$6,978,480</u>	<u>\$ 1,417,871</u>

At September 30, 2017 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 and equipment for city-wide use. On April 30, 2014, the City executed a fifteen year Master Equipment Lease Purchase agreement with Green Campus Partners, LLC for a city-wide energy conservation project. These lease agreements qualify as a capital lease for accounting purposes and, therefore, have been recorded at the present value of its future minimum lease payments as of the inception date. The gross amount of equipment leased and capitalized under these leases was approximately \$3,236,399.

Capital Leases

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2017, were as follows:

	<u>Year ending September 30.</u>
2018	468,295
2019	244,169
2020	248,146
2021	194,524
2022	151,843
2023-33	<u>1,201,848</u>
Total minimum lease payments	2,508,824
Less: amount representing interest	
Interest at 1.54% to 3.615% APR	<u>(451,149)</u>
Present value of minimum Lease payments	<u>\$ 2,057,674</u>

6. LONG-TERM DEBT (CONTINUED)

Capital Leases (continued)

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

	Governmental <u>Activities</u>
Machinery and equipment	2,273,587
Less: Accumulated depreciation	<u>(795,755)</u>
	<u>\$1,477,832</u>

	Business Type <u>Activities</u>
Machinery and equipment	\$ 962,812
Less: Accumulated depreciation	<u>(275,089)</u>
	<u>\$ 687,723</u>

Long-term debt activity for the year ended September 30, 2017 was as follows:

	October 1, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	September 30, <u>2015</u>	Due within <u>One Year</u>
Governmental Activities					
Bonds and notes payable:					
2015-Capital Improvement Refunding Note	6,990,000	-	(444,000)	6,546,000	437,000
2017 Capital Improvement Revenue Note	-	448,500	(16,018)	432,482	64,071
Capital leases	<u>1,848,469</u>	-	<u>(203,262)</u>	<u>1,645,207</u>	<u>210,023</u>
Total bonds and notes payable	<u>8,838,469</u>	<u>448,500</u>	<u>(663,280)</u>	<u>8,623,689</u>	<u>711,094</u>
Other liabilities:					
Compensated absences	<u>1,329,986</u>	<u>614,966</u>	<u>(525,537)</u>	<u>1,419,415</u>	<u>943,260</u>
Governmental activity Long-term liabilities	<u>\$ 10,166,455</u>	<u>\$ 1,517,881</u>	<u>\$ (1,188,817)</u>	<u>\$ 10,043,104</u>	<u>\$ 1,654,354</u>
Business-type Activities					
Bonds and notes payable:					
Capital leases	\$ 462,580	\$ 173,120	\$ (181,285)	\$ 454,415	\$ 194,561
Other liabilities:					
Compensated absences	<u>138,308</u>	<u>91,776</u>	<u>(79,179)</u>	<u>150,905</u>	<u>72,358</u>
Business-type activities Long-term liabilities	<u>\$ 600,888</u>	<u>\$ 264,896</u>	<u>\$ (260,464)</u>	<u>\$ 605,320</u>	<u>\$ 266,919</u>

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund balances for the fiscal year ended September 30, 2017 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 998,552	\$ -
Sanitation fund		408,351
Stormwater fund	-	423,278
Hurricane fund		101,637
Road and transportation		49,026
Elderly Services	-	<u>16,259</u>
	<u>\$ 998,552</u>	<u>\$998,552</u>

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

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, 2017 are as follows:

	Transfers <u>In**</u>	Transfers <u>Out**</u>
General	\$ -	\$1,095,004
Elderly Services	174,144	-
Road and transportations	-	17,690
Debt Service	<u>938,550</u>	<u>-</u>
	<u>\$ 1,112,694</u>	<u>\$1,112,694</u>

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

- Operating subsidies from the General fund of \$174,144 to the Elderly Services Center and \$920,859 in transfers to the Debt Service Fund to cover debt service payments. The Road and transportation fund transferred \$17,690 to the Debt Service fund to cover the debt payment related to the Bike Path project.

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. 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) Contributions

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. Annual contributions are actuarially determined as specified by the Retirement Ordinance as of October 1st. For the year ended September 30, 2017, the average active employee contribution rate was 9.09 percent of annual pay, and the City's average contribution rate was 10.84 percent of covered payroll.

Police and Firefighters

This plan contains as "cost-sharing mechanism" in which 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

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Police and Firefighters (continued)

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 1st.

Effective October 1, 2015, the City negotiated with the Fraternal Order of Police (FOP) a change to the employee contributions that would cap employee contributions at 15.0% for FY 2015, FY 2016 and FY 2017. Beginning in FY 2018, contributions would revert back to the “cost-sharing mechanism” described above.

For the year ended September 30, 2017, the average active employee contribution rate was 15 percent of annual pay, and the City's average contribution rate was 33.82 percent of covered payroll.

(3) Benefits

General Employees

The General Employees' Plan provides retirement, disability, and death benefits. Retirement benefits for general employees are calculated as 1.75 percent of the employee's average highest compensation over any 5 years of credited service out of the last 10 years prior to termination or retirement times the employee's years of service. General employees may retire on the first day of the month coincident with or next following the earlier of: (1) age 62 and 5 years of credited service, or (2) when the age plus credited service equals 75 percent. General employees may retire early at age 55 and 10 years of credited service. All employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are available to Members with 10 or more years of credited service, the Beneficiary will receive the member's accrued Normal Retirement Benefit. An employee who leaves City service may withdraw his or her contributions plus any accumulated interest.

Employees covered by benefit terms.

At September 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	91
Inactive employees entitled to but not yet receiving benefits	6
Active employees	<u>70</u>
	<u>167</u>

Police & Firefighters

The Police & Firefighters Plan provides retirement, disability, and death benefits. Retirement benefits for Police employees hired before October 12, 2014 are frozen at 3.5 percent of Average Monthly Earnings (AME) as of October 12, 2014. Benefit accruals on or after October 12, 2014 are 3.50 percent of AME for each year of credited service up to 20 years and 3 percent of AME for each year thereafter. The maximum benefit is 85% of AME. Members hired on or after October 12, 2014 receive a benefit of 2.5 percent of AME per year of credited service. The maximum benefit is 70% of AME. The minimum benefit is 2 percent per year of service. Members

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

Police and Firefighters (continued)

within 3 years of normal retirement eligibility on October 12, 2014 continue to accrue benefits at 3.5 percent of AME with no cap. Police employees hired before October 12, 2014, may retire on the first day of the month coincident with or next following the earlier of: (1) age 55 and 10 years of credited service, or (2) 20 years of credited service regardless of age. Police employees hired after October 12, 2014, may retire on the first day of the month coincident with or next following the earlier of: (1) age 55 and 10 years of credited service, or (2) age 52 and 25 years of credited service. Police employees may retire early at age 50 and 10 years of credited service. Police employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are available to Members who die as a direct result of an occurrence arising in the line of duty to the City regardless of credited service. An employee who leaves City service may withdraw his or her contributions, plus any accumulated interest.

Employees covered by benefit terms.

At September 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	46
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>35</u>
	<u>84</u>

Net Pension Liability

The City's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

General Employees

Actuarial assumptions

The total pension liability in the September 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4 to 8% percent, depending on service, including inflation
Investment rate of return	7.5 percent

Mortality rates were based on the RP-2000 Combined Healthy Participant Mortality Table for Males and Females, with mortality improvement projected to all future years after 2000 using Scale AA. The actuarial assumptions used in the September 30, 2016 valuation were based on the results of an actuarial experience study for the period October 1, 2015–September 30, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

General Employees (continued)

Actuarial assumptions (continued)

(expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	50%	7.95%
International equity	10	8.0
Fixed income	32.5	2.7
Real estate	7.5	6.0
Cash	<u>0</u>	0.0
Total	<u>100%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability.

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

General Employees (continued)

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a) - (b)</u>
Balances at 09/30/15	<u>\$18,328,680</u>	<u>\$17,652,507</u>	<u>\$676,173</u>
Changes for the year:			
Service cost	327,212	-	327,212
Interest	1,332,765	-	1,332,765
Differences between expected and actual experience	109,558		109,558
Contributions—employer	-	317,957	(317,957)
Contributions—employee	-	252,554	(252,554)
Net investment income	-	1,720,828	(1,720,828)
Benefit payments, including refunds of employee contributions	(1,771,382)	(1,771,382)	-
Administrative expense	-	(82,657)	82,657
Net changes	<u>(1,847)</u>	<u>437,300</u>	<u>(439,147)</u>
Balances at 9/30/16	<u>\$18,326,833</u>	<u>\$18,089,807</u>	<u>\$237,026</u>

Plan fiduciary net position as a percentage of
the total pension liability.....98.71%

Covered payroll.....\$2,757,140

Net pension liability as a percentage of covered
payroll..... 8.6%

Sensitivity of the net pension liability to changes in the discount rate.

The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

General Employees (continued)

	1% Decrease	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's net pension liability	\$1,992,835	\$237,026	\$(1,250,546)

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of \$92,392. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,735	\$ -
Contributions subsequent to the Measurement date	338,551	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>320,718</u>
Total	<u>\$ 404,286</u>	<u>\$320,718</u>

The deferred outflow of resources resulting from the City's contribution to the Plan subsequent to the measurement date of September 30, 2016 in the amount of \$338,551 will be recognized as a reduction of the City's net pension liability in the fiscal year ended September 30, 2018.

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

General Employees (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended 9/30:

2018	\$(82,092)
2019	(104,003)
2020	17,731
2021	(86,619)
2022	-
Thereafter	-
Total	<u>\$(254,983)</u>

Police & Firefighters

Actuarial assumptions

The total pension liability in the September 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4 to 10% percent, depending on age, including inflation
Investment rate of return	7.5 percent

Mortality rates were based on the RP-2000 Combined Healthy Participant Mortality Table for Males and Females, with mortality improvement projected to all future years after 2000 using Scale AA.

The actuarial assumptions used in the September 30, 2016 valuation were based on the results of an actuarial experience study for the period October 1, 2015–September 30, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Police & Firefighters (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	50%	7.95%
International equity	10	8.0
Fixed income	32.5	2.7
Real estate	7.5	6.0
Cash	<u>0</u>	0.0
Total	<u>100%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

Therefore, the long-term expected rate of return on pension plan investments (7.50%) was applied to all periods of projected benefit payments to determine the total pension liability.

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Police & Firefighters (continued)

Changes in the Net Pension Liability

	<u>Increase (Decrease)</u>		
	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability <u>(a) - (b)</u>
Balances at 09/30/15	<u>\$31,061,233</u>	<u>\$27,671,000</u>	<u>\$3,390,233</u>
Changes for the year:			
Service cost	517,936	-	517,936
Interest	2,265,414	-	2,265,414
Changes in benefit terms	-		-
Differences between expected and actual experience	(103,859)		(103,859)
Contributions—employer (from city)	-	703,169	(703,169)
Contributions-employer(from state)	-	120,954	(120,954)
Contributions—employee	-	353,736	(353,736)
Net investment income	-	2,753,012	(2,753,012)
Benefit payments, including refunds of employee contributions	(2,747,289)	(2,747,289)	-
Administrative expense	-	(114,442)	114,442
Other changes	<u>189</u>	<u>-</u>	<u>189</u>
Net changes	<u>(67,609)</u>	<u>1,069,140</u>	<u>(1,136,749)</u>
Balances at 9/30/16	<u>\$30,993,624</u>	<u>\$28,740,140</u>	<u>\$2,253,484</u>

Plan fiduciary net position as a percentage of
the total pension liability.....92.73%

Covered payroll.....\$2,358,240

Net pension liability as a percentage of covered
payroll..... 95.56%

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Police & Firefighters (continued)

Sensitivity of the net pension liability to changes in the discount rate.

The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease	Current	1%
	<u>(6.50%)</u>	<u>Rate (7.50%)</u>	<u>Increase</u>
			<u>(8.50%)</u>
City's net pension liability (asset)	\$5,403,072	\$2,253,484	\$(353,542)

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2017, the City recognized pension expense of \$231,684. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred	Deferred
	Outflows	Inflows of
	<u>of Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ -	\$ 62,315
Contributions subsequent to the measurement date	779,561	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>549,035</u>
Total	<u>\$ 779,561</u>	<u>\$611,350</u>

The deferred outflow of resources resulting from the City's contribution to the Plan subsequent to the measurement date of September 30, 2016 in the amount of \$799,561 will be recognized as a reduction to the City's net pension liability in the fiscal year ended September 30, 2018.

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

Police & Firefighters (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended 9/30:	
2018	\$(250,540)
2019	(229,767)
2020	11,848
2021	(142,891)
2022	-
Thereafter	-
Total	<u>\$(611,350)</u>

(5) DROP Program

On October 8, 2001, the General Employees Retirement Plan adopted a Deferred Retirement Option Program ("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.

8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

(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, 2017, there were three plan members, the City Manager, the Police Chief, and the Human Resources 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 \$50,428 for the fiscal year ended September 30, 2017.

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.

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).

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

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: *Members hired before October 12, 2014:* The earliest of the attainment of age 55 with 10 years of service or 20 years of service regardless of age. *Members hired on or after October 12, 2014:* The earliest of the attainment of age 55 with 10 years of service or age 52 with 25 years of service.

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

DC Plan participants: There are no age or service requirements that must be met to "retire" under the provisions of the Defined Contribution (DC) Plan. However, to be eligible for OPEBs employees must meet requirements applicable to similarly situated participants of the Pension Plan. The post-employment benefits include (a) continued coverage for the retiree and dependent in the Medical/Prescription, (b) continued coverage under the Dental Plan and (c) continued coverage under the Vision Plan.

Health-Related Benefits: Eligible retirees may choose among the same Medical Plan options available for active employees of the City. Dependents of retirees may be covered at the retirees' option the same as dependents of active employees. Prescription Drug coverage is automatically extended to retirees and their dependents who continue coverage under any one of the Medical Plan options. Covered retirees and their dependents are subject to all the same Medical and Prescription Drugs benefits and rules for coverage as are active employees. Retirees and their 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, 2017.

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.

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

The following chart presents the current (October 1, 2017) premium contributions required to be paid by retirees for continued coverage.

Premiums Paid by Retirees* as of October 1, 2017		
Plan	Retiree Only	Retiree and Spouse
HMO	\$559.23	\$1241.49
HMO High	\$645.89	\$1,433.87
POS	\$568.47	\$1,262.01

*Regardless of Medicare Eligibility

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

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

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

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

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

For fiscal year 2017, the City contributed \$110,544 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.

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

The City's annual OPEB cost for the fiscal year ended 2017, the eighth year of implementation of GASB Statement 45, and the related information for each plan are as follows:

Annual required contribution	\$212,496
Interest on net OPEB obligation	34,041
Adjustment to annual required contribution	(46,314)
Annual OPEB cost	<u>200,223</u>
Contributions made	110,544
Increase in net OPEB obligation	<u>89,679</u>
Net OPEB obligation—beginning of year	972,597
Net OPEB obligation—end of year	<u>\$ 1,062,276</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 2017 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2015	\$195,020	47.99%	\$ 889,357
09/30/2016	\$195,579	57.44%	\$ 972,597
09/30/2017	\$200,223	55.21%	\$1,062,276

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, 2017.

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
10/1/2011	\$ 0	\$1,823,433	\$1,823,433	0%	\$7,087,665	25.73%
10/1/2013	\$ 0	\$1,883,318	\$1,883,318	0%	\$6,699,106	28.11%
10/1/2015	\$ 0	\$2,122,258	\$2,122,258	0%	\$6,426,642	33.02%

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

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

Actuarial Methods and Assumptions (continued).

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	10/01/2015
Amortization method	Level percent, closed
Remaining amortization period	21 years
Actuarial assumptions:	
Discount rate	3.50%
Payroll growth assumption	3.50%
Mortality table	1983 Group Annuity Mortality
Inflation rate	2.5%
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
2016	6.0%
2017	6.5%
2018	6.25%
2019	6.0%
2020	5.85%
Thereafter	5.72%

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 2017 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

11. CURTISS MANSION RESTORATION AND REDEVELOPMENT PROJECT (CONTINUED)

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, 2013, 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 Position.

During the fiscal year ended September 30, 2017, the December 31, 2016 financial statements of MSPI were consolidated with the financial statements of MSL, LLC. MSPI and Subsidiary is reported as a blended component unit of the City thereby eliminating the investment in MS Properties, Inc. on the government-wide Statement of Net Position.

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.

Tax-Exempt Bonds

As discussed in Note 6-*Long Term Debt*, the City has issued tax-exempt bonds to fund capital projects and infrastructure. If the bonds were deemed to be taxable, then the City’s interest costs would markedly rise. The potential increase in interest costs would only be determinable at the time such debt was deemed taxable. The City does not, at this time, expect the tax-exempt status of the debt to change.

12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Historic Rehabilitation Tax Credit

The City's Historic Rehabilitation Tax Credits are contingent on its ability to maintain compliance with applicable sections of Section 47 of the Internal Revenue Code of 1986, as amended. Failure to maintain compliance with applicable regulations or to correct noncompliance within a specified time period could result in recapture by the limited partners of previously taken tax credits plus interest.

Grants

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

Operational Food and Beverage Agreement

On February 1, 2017, the City awarded its agreement (the "Agreement") to Amber 18 Holes Services, LLC. (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 31, 2022 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. Under this new agreement, the City will receive monthly rent payments during the five year term of the agreement. Total rent payments over five years totals \$492,000.

Operating Leases

The City leases equipment for its Golf and Country Club Fund under non-cancelable operating leases. Total costs for such leases were \$57,930 for the fiscal year ended September 30, 2017.

The City also leases police motorcycles, office equipment and office space under non-cancelable operating leases. Total costs for such leases were \$50,648 for the fiscal year ended September 30, 2017.

The future minimum lease payments are as follows:

	<u>Year ending September 30,</u>	
2018		\$98,406
2019		17,500
2020		<u>17,500</u>
Total		<u>\$ 133,406</u>

13. SUBSEQUENT EVENTS

On January 11, 2018, the Investor in the Historic Rehabilitation Tax Credit exercised their "PUT" option and thereby ended their investment in this transaction. The City cancelled all leases involved in this transaction (see Note 11) and the Mansion land and building were added back to the City's books.

On February 2, 2018, the city executed a revolving credit line with IberiaBank in the amount of \$2 million. The interest rate is the Wall Street Journal Prime Rate and interest is due monthly. The maturity date for this line is February 1, 2019, when principal is due and payable. Line is pledged with Half Cent Sales Tax, State Revenue Sharing and Local Communications Tax revenues.

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

CITY OF MIAMI SPRINGS, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes and franchise fees	\$ 8,511,637	\$ 8,511,637	\$ 8,448,034	\$ (63,603)
Charges for services	2,509,318	2,509,895	2,688,679	178,784
Public service taxes	1,810,000	1,810,000	1,794,216	(15,784)
Intergovernmental	2,052,318	2,052,318	1,983,904	(68,414)
Licenses and permits	183,000	183,000	130,041	(52,959)
Fines and forfeitures	490,000	490,000	810,051	320,051
Investment income	12,000	12,000	18,837	6,837
Other	265,878	423,209	325,054	(98,155)
Total revenues	<u>15,834,151</u>	<u>15,992,059</u>	<u>16,198,817</u>	<u>206,757</u>
Expenditures:				
General government:				
Council	152,612	165,868	150,161	15,707
City Clerk	281,938	281,937	272,492	9,445
City Manager	325,873	325,872	316,979	8,893
City Attorney	166,000	166,000	170,652	(4,652)
Human Resources	236,462	233,262	240,487	(7,225)
Planning	74,819	74,819	67,233	7,586
Finance	617,019	617,941	632,837	(14,896)
Information Technology	346,200	346,200	334,245	11,955
Total general government	<u>2,200,923</u>	<u>2,211,899</u>	<u>2,185,086</u>	<u>26,813</u>
Public safety:				
Police	6,406,126	6,414,282	6,198,890	215,392
Code Enforcement	192,450	192,468	244,929	(52,461)
Total public safety	<u>6,598,576</u>	<u>6,606,750</u>	<u>6,443,820</u>	<u>162,930</u>
Public works:				
Administration	388,375	388,368	390,592	(2,224)
Streets & sidewalks	437,739	481,136	451,407	29,729
Properties	608,922	673,135	638,808	34,327
Building maintenance	263,429	270,862	260,988	9,874
Fleet maintenance	39,000	39,000	60,641	(21,641)
Total public works	<u>1,737,465</u>	<u>1,852,501</u>	<u>1,802,435</u>	<u>50,066</u>
Recreation:				
Administration	1,399,664	1,399,392	1,324,003	75,389
Aquatics	584,195	585,214	481,776	103,438
Tennis	25,813	25,813	22,231	3,582
Park maintenance	293,935	416,490	443,781	(27,291)
Golf Administration	16,122	16,122	17,483	(1,361)
Golf Pro Shop	593,347	593,348	757,807	(164,459)
Golf Maintenance	1,241,261	1,261,451	1,101,962	159,489
Total recreation	<u>4,154,337</u>	<u>4,297,830</u>	<u>4,149,043</u>	<u>148,787</u>
Total expenditures	<u>14,691,301</u>	<u>14,968,980</u>	<u>14,580,384</u>	<u>388,596</u>

Continued

CITY OF MIAMI SPRINGS, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<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	1,142,850	1,023,079	1,618,433	595,354
Other financing sources (uses):				
Issuance of debt	-	-	-	-
Transfers in	230,087	230,087	-	(230,087)
Transfers out	(943,957)	(943,957)	(1,095,004)	(151,047)
Total other financing sources	(713,870)	(713,870)	(1,095,004)	(381,134)
Net change in fund balance	428,980	309,209	523,429	214,220
Fund balances, October 1	3,205,336	3,205,336	3,205,336	-
Fund balances, September 30	<u>\$ 3,634,316</u>	<u>\$ 3,514,545</u>	<u>\$ 3,728,765</u>	<u>\$ 214,220</u>

See notes to budgetary comparison schedule

CITY OF MIAMI SPRINGS, FLORIDA
BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Building Operation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Licenses and permits	\$ 768,000	\$ 768,000	\$ 1,219,578	\$ 451,578
Investment income	-	-	1,785	1,785
Total revenues	<u>768,000</u>	<u>768,000</u>	<u>1,221,363</u>	<u>453,363</u>
Expenditures:				
Current:				
Public Safety	732,580	735,767	708,079	-
Capital outlay:				
Public Safety	2,800	2,800	-	-
Total expenditures	<u>735,380</u>	<u>738,567</u>	<u>708,079</u>	<u>-</u>
Net change in fund balance	<u>32,620</u>	<u>29,433</u>	<u>513,285</u>	<u>483,852</u>
Fund balances, October 1			-	
Fund balances, September 30			<u>\$ 513,285</u>	

CITY OF MIAMI SPRINGS, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 HURRICANE FUND
 FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Hurricane Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Public Works			183,240	-
Capital outlay:				
Recreation and social services	-	-	1,813	(1,813)
Total expenditures	<u>-</u>	<u>-</u>	<u>185,053</u>	<u>(1,813)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(185,053)</u>	<u>(185,053)</u>
Fund balances, October 1			<u>-</u>	
Fund balances, September 30			<u>\$ (185,053)</u>	

CITY OF MIAMI SPRINGS, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 MIAMI SPRINGS PROPERTIES INC. AND SUBSIDIARIES
 FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Miami Springs Properties Inc. and Subsidiaries			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 35,004	\$ 35,004
Total revenues	<u>-</u>	<u>-</u>	<u>35,004</u>	<u>35,004</u>
Expenditures:				
Current:				
Economic and community development	<u>-</u>	<u>-</u>	<u>12,322</u>	<u>12,322</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>12,322</u>	<u>12,322</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>22,682</u>	<u>22,682</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>22,682</u>	<u>22,682</u>
Fund balances, October 1			<u>(213,315)</u>	
Fund balances, September 30			<u>\$ (190,633)</u>	

CITY OF MIAMI SPRINGS, FLORIDA
NOTE TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2017

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 \$277,679 for the fiscal year ended September 30, 2017 and consist primarily of the roll-forward of encumbrances from FY 2016, and other miscellaneous appropriations for new equipment and citywide renovations.

See Note 2 of the financial statements for an explanation of over expenditures.

CITY OF MIAMI SPRINGS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MIAMI SPRINGS GENERAL EMPLOYEES' RETIREMENT SYSTEM
(as required by GASB Statement No. 68)

Measurement date September 30,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service Cost	\$ 327,212	\$ 298,401	\$ 318,230
Interest on the total pension liability	1,332,765	1,315,271	1,281,464
Changes in benefit terms	-	-	-
Difference between actual & expected experience of the total pension liability	109,558	-	(120,753)
Changes in assumptions	-	-	-
Benefit payments	(1,731,453)	(993,482)	(908,927)
Refunds	(39,929)	(53,595)	(60,675)
Other	-	-	-
Net Change in Total Pension Liability	<u>(1,847)</u>	<u>566,595</u>	<u>509,339</u>
Total Pension Liability - Beginning	<u>18,328,680</u>	<u>17,762,085</u>	<u>17,252,746</u>
Total Pension Liability - Ending (a)	<u>\$ 18,326,833</u>	<u>\$ 18,328,680</u>	<u>\$ 17,762,085</u>
 Plan Fiduciary Net Position			
Contributions - Employer	\$ 317,957	\$ 344,236	\$ 366,204
Contributions - Member	252,554	208,312	188,555
Net Investment Income	1,720,828	766,343	1,903,591
Benefit Payments	(1,731,453)	(993,482)	(908,927)
Refunds	(39,929)	(53,595)	(60,675)
Pension plan administrative expense	(82,657)	(82,212)	(76,422)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	<u>437,300</u>	<u>189,602</u>	<u>1,412,326</u>
Plan Fiduciary Net Position - Beginning	<u>17,652,507</u>	<u>17,462,905</u>	<u>16,050,579</u>
Plan Fiduciary Net Position - Ending	<u>\$ 18,089,807</u>	<u>\$ 17,652,507</u>	<u>\$ 17,462,905</u>
Net Pension Liability - Ending	<u>\$ 237,026</u>	<u>\$ 676,173</u>	<u>\$ 299,180</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	98.71%	96.31%	98.32%
Covered Payroll ¹	\$ 2,757,140	\$ 2,284,123	\$ 3,369,071
Net Pension Liability as a Percentage of Covered Payroll	8.60%	29.60%	8.88%

¹ Covered Payroll for the fiscal year in 2015 was calculated based on actual member contributions for the fiscal year divided by the employee contribution rate

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

CITY OF MIAMI SPRINGS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
MIAMI SPRINGS GENERAL EMPLOYEES' RETIREMENT SYSTEM

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll ¹	Actual Contribution as a % of Covered Payroll
2017	\$ 338,551	\$ 338,551	\$ -	\$ 3,124,004	10.84%
2016	\$ 317,957	\$ 317,957	\$ -	\$ 2,757,140	11.53%
2015	\$ 344,236	\$ 344,236	\$ -	\$ 2,284,123	15.07%
2014	366,204	366,204	-	3,369,071	10.87%

¹ Covered Employee Payroll was calculated by dividing the total member

Notes to the Schedule of Contributions

Valuation Date	10/1/2015
Measurement Date:	9/30/2016
Notes	Actuarially determined contribution rates are calculated as of October 1, which is one year prior to the expected contribution date and the beginning of the fiscal year in which the contribution is due.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	20 years (single equivalent period)
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	4.0% to 8.0% depending on service, including inflation
Investment Rate of Return	7.5%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

CITY OF MIAMI SPRINGS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
MIAMI SPRINGS POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM
(as required by GASB Statement No. 68)

Measurement date September 30,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service Cost	\$ 517,936	\$ 516,880	\$ 606,975
Interest on the total pension liability	2,265,414	2,246,773	2,216,416
Changes in benefit terms	-	-	(614,240)
Difference between actual & expected experience of the total pension liability	(103,859)	-	(90,536)
Changes in assumptions	-	-	-
Benefit payments	(2,737,349)	(2,031,499)	(1,319,688)
Refunds	(9,940)	(122,349)	(47,832)
Other	189	(65,584)	(101,254)
Net Change in Total Pension Liability	<u>(67,609)</u>	<u>544,221</u>	<u>649,841</u>
Total Pension Liability - Beginning	<u>31,061,233</u>	<u>30,517,012</u>	<u>29,867,171</u>
Total Pension Liability - Ending (a)	<u>\$ 30,993,624</u>	<u>\$ 31,061,233</u>	<u>\$ 30,517,012</u>
 Plan Fiduciary Net Position			
Contributions - Employer	\$ 824,123	\$ 746,333	\$ 745,274
Contributions - Member	353,736	309,304	336,297
Net Investment Income	2,753,012	1,252,928	2,968,350
Benefit Payments	(2,737,349)	(2,031,499)	(1,319,688)
Refunds	(9,940)	(122,349)	(47,832)
Pension plan administrative expense	(114,442)	(108,988)	(110,599)
Other	-	-	-
Net Change in Plan Fiduciary Net Position	<u>1,069,140</u>	<u>45,729</u>	<u>2,571,802</u>
Plan Fiduciary Net Position - Beginning	<u>27,671,000</u>	<u>27,625,271</u>	<u>25,053,469</u>
Plan Fiduciary Net Position - Ending	<u>\$ 28,740,140</u>	<u>\$ 27,671,000</u>	<u>\$ 27,625,271</u>
Net Pension Liability - Ending	<u>\$ 2,253,484</u>	<u>\$ 3,390,233</u>	<u>\$ 2,891,741</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.73%	89.09%	90.52%
Covered Payroll ¹	\$ 2,358,240	\$ 1,995,510	\$ 3,100,575
Net Pension Liability as a Percentage of Covered Payroll	95.56%	169.89%	93.26%

¹ Covered Payroll for the fiscal year in 2015 was calculated based on actual member contributions for the fiscal year divided by the employee contribution rate

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

CITY OF MIAMI SPRINGS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
MIAMI SPRINGS POLICE AND FIREFIGHTERS' RETIREMENT SYSTEM

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll ¹	Actual Contribution as a % of Covered Payroll
2017	\$ 728,190	\$ 728,190	\$ -	\$ 2,543,260	28.63%
2016	\$ 752,596	\$ 752,596	\$ -	\$ 2,358,240	31.91%
2015	\$ 712,370	\$ 680,547	\$ 31,823	\$ 1,995,510	34.10%
2014	650,366	682,583	(32,217)	3,100,575	22.01%

¹ Covered Employee Payroll for the fiscal year in 2015 was calculated based on actual member

Notes to the Schedule of Contributions

Valuation Date	10/1/2015
Measurement Date:	9/30/2016
Notes	Actuarially determined contribution rates are calculated as of October 1, which is one year prior to the expected contribution date and the beginning of the fiscal year in which the contribution is due.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	19 years (single equivalent period)
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	4.0% to 10.0% depending on age, including inflation
Investment Rate of Return	7.5%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years after 2000 using Scale AA.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

CITY OF MIAMI SPRINGS, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / (c)
10/1/2011	-	1,823,433	1,823,433	0%	7,087,665	25.73%
10/1/2013	-	1,883,318	1,883,318	0%	6,699,106	28.11%
10/1/2015	-	2,122,258	2,122,258	0%	6,426,642	33.02%

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Debt Service Fund is used 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.

Road and Transportation 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.

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.

CITY OF MIAMI SPRINGS, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2017

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Senior Center	LETF	Debt Service	Road and Transportation	
<u>ASSETS</u>					
Cash and equity in pooled cash and investments	\$ 100	\$ -	\$ -	\$ -	\$ 100
Accounts receivable - net	32,153	-	-	192,141	224,294
Restricted assets:					
Cash and equity in pooled cash and investments	-	352,438	-	-	352,438
Total assets	<u>\$ 32,253</u>	<u>\$ 352,438</u>	<u>\$ -</u>	<u>\$ 192,141</u>	<u>\$ 576,832</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 12,495	\$ -	\$ -	\$ 35,117	\$ 47,612
Accrued payroll	3,070	-	-	-	3,070
Unearned revenues	-	-	-	-	-
Due to other funds	16,259	-	-	49,026	65,285
Total liabilities	<u>31,824</u>	<u>-</u>	<u>-</u>	<u>84,143</u>	<u>115,967</u>
<u>FUND BALANCES</u>					
Restricted	-	352,438	-	107,998	460,436
Assigned	429	-	-	-	429
Unassigned	-	-	-	-	-
Total fund balances	<u>429</u>	<u>352,438</u>	<u>-</u>	<u>107,998</u>	<u>460,865</u>
Total liabilities and fund balances	<u>\$ 32,253</u>	<u>\$ 352,438</u>	<u>\$ -</u>	<u>\$ 192,141</u>	<u>\$ 576,832</u>

CITY OF MIAMI SPRINGS, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Senior Center	LETF	Debt Service	Road and Transportation	
Revenues:					
Charges for services	\$ 15,770	\$ -	\$ -	\$ 19,247	\$ 35,018
Intergovernmental	224,694	-	-	570,629	795,323
Fines and forfeitures	-	38,636	-	-	38,636
Licenses and permits	-	-	-	-	-
Miscellaneous	2,956	1,143	-	-	4,099
Total revenues	243,420	39,779	-	589,876	873,076
Expenditures:					
Current:					
Public Safety	-	54,107	-	-	54,108
Public Works	-	-	-	498,283	498,283
Recreation and social services	417,271	-	-	-	417,271
Economic and community development	-	-	-	-	-
Debt service:					
Principal retirement	-	-	663,280	-	663,280
Interest and fiscal charges	-	-	275,269	-	275,269
Capital outlay:					
Public Safety	-	20,994	-	-	20,994
Public Works	-	-	-	137	137
Total expenditures	417,271	75,101	938,549	498,420	1,929,341
Deficiency of revenues over expenditures before other financing sources	(173,851)	(35,322)	(938,549)	91,456	(1,056,266)
Other financing sources					
Issuance of debt	-	-	-	-	-
Transfers out	-	-	-	(17,690)	(17,690)
Transfers in	174,145	-	938,549	-	1,112,694
Total other financing sources	174,145	-	938,549	(17,690)	1,095,004
Net change in fund balance	294	(35,322)	-	73,766	38,738
Fund balances, October 1	135	387,760	-	34,232	422,127
Fund balances, September 30	\$ 429	\$ 352,438	\$ -	\$ 107,998	\$ 460,865

CITY OF MIAMI SPRINGS, FLORIDA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Debt service:				
Principal retirement	626,558	626,559	663,280	(36,721)
Interest and fiscal charges	270,358	270,357	275,269	(4,912)
Total expenditures	<u>896,916</u>	<u>896,916</u>	<u>938,549</u>	<u>(41,633)</u>
Excess (deficiency) of revenues over expenditures before other financing (uses) sources	<u>(896,916)</u>	<u>(896,916)</u>	<u>(938,549)</u>	<u>(41,633)</u>
Other financing sources				
Transfers in	<u>896,916</u>	<u>896,916</u>	<u>938,549</u>	<u>41,633</u>
Total other financing sources	<u>896,916</u>	<u>896,916</u>	<u>938,549</u>	<u>41,633</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, October 1			<u>-</u>	
Fund balances, September 30			<u>\$ -</u>	

See notes to budgeting comparison schedule

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, 2017

	LET FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 38,636	38,636
Investment income	1,500	1,500	1,143	(357)
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>39,779</u>	<u>38,279</u>
Expenditures:				
Current:				
Public Safety	130,839	131,496	54,107	(77,389)
Capital Outlay:				
Public Safety	<u>1,500</u>	<u>1,500</u>	<u>20,994</u>	<u>-</u>
Total expenditures	<u>130,839</u>	<u>131,496</u>	<u>75,101</u>	<u>(56,395)</u>
Net change in fund balance	<u>(129,339)</u>	<u>(129,996)</u>	<u>(35,322)</u>	<u>94,674</u>
Fund balances, October 1			<u>387,760</u>	
Fund balances, September 30			<u>\$ 352,438</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, 2017

	Senior Center Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 20,000	\$ 20,000	\$ 15,770	\$ (4,230)
Intergovernmental	245,000	245,000	224,694	(20,306)
Other	-	-	2,956	2,956
Total revenues	<u>265,000</u>	<u>265,000</u>	<u>243,420</u>	<u>(21,580)</u>
Expenditures:				
Current:				
Recreation and social services	437,134	465,743	417,271	48,472
Capital outlay:				
Recreation and social services	<u>5,100</u>	<u>5,100</u>	<u>-</u>	<u>5,100</u>
Economic and community development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>442,234</u>	<u>470,843</u>	<u>417,271</u>	<u>53,572</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(177,234)</u>	<u>(205,843)</u>	<u>(173,851)</u>	<u>31,992</u>
Other financing sources (uses)				
Transfers in	<u>177,234</u>	<u>177,234</u>	<u>174,145</u>	<u>(3,090)</u>
Total other financing sources (uses)	<u>177,234</u>	<u>177,234</u>	<u>174,145</u>	<u>(3,090)</u>
Net change in fund balance	<u>-</u>	<u>(28,609)</u>	<u>294</u>	<u>-</u>
Fund balances, October 1			<u>135</u>	
Fund balances, September 30			<u>\$ 429</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, 2017

	Road and Transportation			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 17,200	\$ 17,200	\$ 19,247	\$ 2,047
Intergovernmental	545,000	545,000	570,629	25,629
Total revenues	562,200	562,200	589,876	27,676
Expenditures:				
Current:				
Public Works	522,244	548,515	498,283	50,232
Capital outlay:				
Public Works	150,000	150,000	137	-
Total expenditures	672,244	698,515	498,419	50,232
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(110,044)	(136,315)	91,457	227,772
Other financing sources (uses)				
Issuance of debt	-	-	-	-
Transfers out	-	-	(17,690)	(17,690)
Total other financing sources (uses)	-	-	(17,690)	(17,690)
Net change in fund balance	(110,044)	(136,315)	73,767	-
Fund balances, October 1			34,232	
Fund balances, September 30			\$ 107,999	

STATISTICAL SECTION

CITY OF MIAMI SPRINGS, FLORIDA
STATISTICAL SECTION

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

Contents

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Financial Trends	80-84
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	85-88
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	89-93
<i>These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in future.</i>	
Demographic and Economic Information	94-95
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	96-98
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the City provides and the activities it performs.</i>	

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

CITY OF MIAMI SPRINGS, FLORIDA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 11,658	\$ 11,678	\$ 18,811	\$ 20,011	\$ 19,773	\$ 20,934	\$ 20,073	\$ 16,607	\$ 21,697	\$ 22,129
Restricted	2,859	5,082	2,557	2,121	1,496	1,184	1,317	4,545	607	541
Unrestricted	6,433	6,918	4,686	3,080	2,630	1,600	2,021	(1,611)	(2,121)	(691)
Total governmental activities net position	<u>\$ 20,950</u>	<u>\$ 23,678</u>	<u>\$ 26,054</u>	<u>\$ 25,211</u>	<u>\$ 23,899</u>	<u>\$ 23,717</u>	<u>\$ 23,411</u>	<u>\$ 19,540</u>	<u>\$ 20,183</u>	<u>\$ 21,979</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 2,771	\$ 2,989	\$ 2,938	\$ 2,943	\$ 2,623	\$ 2,855	\$ 2,830	\$ 2,904	\$ 3,349	\$ 3,197
Unrestricted	1,749	890	948	1,076	1,164	715	268	(465)	(842)	(934)
Total business-type activities net position	<u>\$ 4,520</u>	<u>\$ 3,879</u>	<u>\$ 3,886</u>	<u>\$ 4,019</u>	<u>\$ 3,787</u>	<u>\$ 3,570</u>	<u>\$ 3,098</u>	<u>\$ 2,439</u>	<u>\$ 2,506</u>	<u>\$ 2,263</u>
Primary government										
Net investment in capital assets	\$ 14,429	\$ 14,668	\$ 21,749	\$ 22,954	\$ 22,396	\$ 23,789	\$ 22,903	\$ 19,511	\$ 25,046	\$ 25,326
Restricted	2,859	5,082	2,557	2,121	1,496	1,184	1,317	4,545	607	541
Unrestricted	8,182	7,808	5,634	4,156	3,794	2,315	2,289	(2,076)	(2,963)	(1,624)
Total primary government net position	<u>\$ 25,470</u>	<u>\$ 27,558</u>	<u>\$ 29,940</u>	<u>\$ 29,231</u>	<u>\$ 27,686</u>	<u>\$ 27,287</u>	<u>\$ 26,509</u>	<u>\$ 21,979</u>	<u>\$ 22,690</u>	<u>\$ 24,242</u>

CITY OF MIAMI SPRINGS, FLORIDA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

(amounts expressed in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EXPENSES										
Governmental activities:										
General government	\$ 2,561	\$ 2,670	\$ 2,442	\$ 2,918	\$ 2,828	\$ 2,636	\$ 2,531	\$ 2,401	\$ 2,381	\$ 2,517
Public safety	5,676	6,087	6,056	6,228	6,516	6,581	6,680	6,047	6,627	6,819
Public works	2,084	2,957	3,034	3,261	2,270	2,652	2,644	2,383	2,494	2,727
Recreation and social services	3,424	3,364	3,674	3,748	3,840	3,943	4,209	4,017	4,195	4,742
Economic and community development	-	9	154	75	518	192	136	159	178	151
Interest on long-term debt	190	295	294	202	140	129	124	208	312	275
Total governmental activities:	<u>13,935</u>	<u>15,382</u>	<u>15,654</u>	<u>16,432</u>	<u>16,112</u>	<u>16,133</u>	<u>16,325</u>	<u>15,216</u>	<u>16,187</u>	<u>17,231</u>
Business-type activities:										
Water & Sewer	5,477	-	-	-	-	-	-	-	-	-
Sanitation	2,017	2,089	2,191	2,069	2,272	2,291	2,416	2,473	2,466	2,352
Stormwater	311	410	414	396	410	458	519	525	469	421
Total business-type activities:	<u>7,805</u>	<u>2,499</u>	<u>2,605</u>	<u>2,465</u>	<u>2,683</u>	<u>2,749</u>	<u>2,935</u>	<u>2,997</u>	<u>2,935</u>	<u>2,773</u>
Total primary government expenses	<u>\$ 21,740</u>	<u>\$ 17,881</u>	<u>\$ 18,259</u>	<u>\$ 18,897</u>	<u>\$ 18,795</u>	<u>\$ 18,881</u>	<u>\$ 19,260</u>	<u>\$ 18,213</u>	<u>\$ 19,121</u>	<u>\$ 20,004</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	570	431	822	1,048	1,298	1,328	1,624	1,239	1,492	2,146
Public safety	215	215	241	232	464	527	422	463	563	840
Public works	-	-	-	13	15	36	19	18	-	-
Recreation and social services	1,581	1,531	1,335	1,467	1,550	1,430	1,540	1,538	1,586	1,757
Economic and community development	-	-	-	15	17	16	19	19	21	16
Capital grants and contributions	-	2,642	4,127	1,210	146	1,456	-	-	214	571
Operating grants and contributions	712	350	478	443	493	253	243	299	220	251
Total governmental activities program revenues	<u>3,078</u>	<u>5,169</u>	<u>7,003</u>	<u>4,428</u>	<u>3,984</u>	<u>5,046</u>	<u>3,667</u>	<u>3,576</u>	<u>4,097</u>	<u>5,561</u>
Business-type activities:										
Charges for services:										
Water & Sewer	5,383	-	-	-	-	-	-	-	-	-
Sanitation	2,200	2,176	2,333	2,298	2,156	2,251	2,257	2,274	2,278	2,275
Stormwater	278	272	276	299	293	279	231	247	251	252
Capital grants and contributions	-	96	-	-	-	-	-	-	470	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>7,861</u>	<u>2,544</u>	<u>2,609</u>	<u>2,597</u>	<u>2,449</u>	<u>2,530</u>	<u>2,488</u>	<u>2,521</u>	<u>2,999</u>	<u>2,527</u>
Total primary government revenues	<u>\$ 10,939</u>	<u>\$ 7,713</u>	<u>\$ 9,612</u>	<u>\$ 7,025</u>	<u>\$ 6,433</u>	<u>\$ 7,576</u>	<u>\$ 6,355</u>	<u>\$ 6,097</u>	<u>\$ 7,095</u>	<u>\$ 8,108</u>
Net (expense)/revenue										
Governmental activities	\$ (10,857)	\$ (10,213)	\$ (8,651)	\$ (12,004)	\$ (12,128)	\$ (11,085)	\$ (12,457)	\$ (11,840)	\$ (12,090)	\$ (11,850)
Business-type activities	55	45	4	132	(234)	(219)	(447)	(476)	64	(246)
Total primary government net expenses	<u>\$ (10,801)</u>	<u>\$ (10,168)</u>	<u>\$ (8,647)</u>	<u>\$ (11,872)</u>	<u>\$ (12,362)</u>	<u>\$ (11,305)</u>	<u>\$ (12,905)</u>	<u>\$ (12,116)</u>	<u>\$ (12,026)</u>	<u>\$ (11,896)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	7,226	7,108	6,133	5,990	5,812	5,823	6,669	7,151	7,073	7,503
Utility taxes	1,667	1,818	1,783	1,718	1,698	1,758	1,608	1,796	1,829	1,794
Franchise fees on gross receipts	997	990	902	891	880	674	941	946	915	945
Intergovernmental (unrestricted)	2,128	1,935	1,860	1,999	2,162	2,226	2,442	2,437	2,585	2,584
Investment income	283	129	88	27	31	8	14	20	19	22
Miscellaneous	154	250	258	568	232	216	277	301	312	598
Transfers	(39)	711	-	-	-	-	-	-	-	-
Total governmental activities	<u>\$ 12,416</u>	<u>\$ 12,941</u>	<u>\$ 11,024</u>	<u>\$ 11,162</u>	<u>\$ 10,816</u>	<u>\$ 10,905</u>	<u>\$ 12,151</u>	<u>\$ 12,651</u>	<u>\$ 12,733</u>	<u>\$ 13,446</u>
Business-type activities:										
Investment income	63	7	3	1	2	2	1	1	4	2
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale of capital assets	(1,773)	17	-	-	-	-	(26)	-	-	-
Transfers	39	(711)	-	-	-	-	-	-	-	-
Total business-type activities	<u>\$ (1,671)</u>	<u>\$ (687)</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ (25)</u>	<u>\$ 1</u>	<u>\$ 4</u>	<u>\$ 2</u>
Total primary government	<u>\$ 10,745</u>	<u>\$ 12,254</u>	<u>\$ 11,027</u>	<u>\$ 11,164</u>	<u>\$ 10,817</u>	<u>\$ 10,907</u>	<u>\$ 12,126</u>	<u>\$ 12,652</u>	<u>\$ 12,736</u>	<u>\$ 13,448</u>
Change in Net Position										
Governmental activities	\$ 1,559	\$ 2,728	\$ 2,373	\$ (841)	\$ (1,313)	\$ (182)	\$ (306)	\$ 1,011	\$ 643	\$ 1,796
Business-type activities	(1,616)	(642)	7	133	(232)	(217)	(472)	(475)	87	(243)
Total primary government	<u>\$ (57)</u>	<u>\$ 2,086</u>	<u>\$ 2,380</u>	<u>\$ (708)</u>	<u>\$ (1,545)</u>	<u>\$ (399)</u>	<u>\$ (778)</u>	<u>\$ 535</u>	<u>\$ 710</u>	<u>\$ 1,552</u>

CITY OF MIAMI SPRINGS, FLORIDA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Ad-Valorem Taxes General Purpose</u>	<u>Ad-Valorem Taxes Debt Service</u>	<u>Local Option Gas Tax</u>	<u>Enhanced Transportation Tax</u>	<u>State Revenue Sharing Tax</u>	<u>Motor Fuel Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Half Cent Sales tax</u>	<u>Utility Tax</u>	<u>Franchise tax</u>	<u>Total</u>
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
2013	5,823	-	360	495	402	-	10	950	1,758	674	10,672
2014	6,669	-	367	527	427	-	12	1,003	1,808	727	11,540
2015	7,151	-	380	-	454	-	11	1,051	1,796	711	11,555
2016	7,073	-	381	568	463	-	9	1,075	1,829	692	12,090
2017	7,503	-	391	571	486	-	9	1,079	1,794	690	12,523

CITY OF MIAMI SPRINGS, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(amounts expressed in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General fund										
Reserved	\$ 197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	6,467	-	-	-	-	-	-	-	-	-
Nonspendable *	-	103	84	140	136	134	162	233	215	195
Restricted *	-	-	-	-	-	-	-	-	-	-
Committed *	-	2,240	2,058	1,130	847	577	243	661	150	199
Assigned *	-	-	-	-	-	-	-	-	-	-
Unassigned *	-	6,078	4,158	3,634	3,411	2,981	3,858	3,497	2,841	3,335
Total general fund	<u>\$ 6,664</u>	<u>\$ 8,421</u>	<u>\$ 6,300</u>	<u>\$ 4,904</u>	<u>\$ 4,394</u>	<u>\$ 3,692</u>	<u>\$ 4,264</u>	<u>\$ 4,391</u>	<u>\$ 3,205</u>	<u>\$ 3,729</u>
All other governmental funds										
Reserved	\$ 5,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	618	-	-	112	-	-	-	-	-	-
Debt service funds	113	-	-	-	-	-	-	-	-	-
Nonspendable *	-	-	-	-	-	-	-	-	-	-
Restricted *	-	2,133	2,538	1,821	937	1,190	1,317	4,482	422	460
Committed *	-	2,209	-	169	140	-	-	-	-	-
Assigned *	-	740	19	19	419	-	-	63	0	0
Unassigned *	-	-	-	-	-	(187)	(205)	(196)	(213)	-
Total all other governmental funds	<u>\$ 6,119</u>	<u>\$ 5,082</u>	<u>\$ 2,557</u>	<u>\$ 2,121</u>	<u>\$ 1,496</u>	<u>\$ 1,003</u>	<u>\$ 1,112</u>	<u>\$ 4,348</u>	<u>\$ 209</u>	<u>\$ 461</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)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES										
Taxes and franchise fees	\$ 8,223	\$ 8,098	\$ 7,034	\$ 6,850	\$ 6,692	\$ 6,697	\$ 7,610	\$ 8,097	\$ 7,988	\$ 8,448
Charges for services	1,606	1,546	1,357	1,936	2,134	2,014	2,160	2,155	2,414	2,724
Public service taxes	1,667	1,818	1,783	1,718	1,698	1,758	1,808	1,796	1,829	1,794
Intergovernmental	2,799	4,817	6,348	3,609	2,692	2,678	2,582	2,736	2,941	3,350
Licenses and permits	536	415	818	641	488	740	1,043	656	757	1,350
Fines and forfeitures	239	322	338	209	534	576	519	466	636	849
Interest	283	133	88	27	31	8	14	21	19	22
Miscellaneous	178	251	263	600	529	300	283	299	268	363
Total revenues	<u>15,531</u>	<u>17,400</u>	<u>18,029</u>	<u>15,590</u>	<u>14,799</u>	<u>14,772</u>	<u>16,018</u>	<u>16,227</u>	<u>16,851</u>	<u>18,899</u>
EXPENDITURES										
General government	2,520	2,643	2,658	2,755	2,611	2,376	2,246	2,284	2,285	2,172
Public safety	5,375	5,541	5,724	5,928	6,402	6,356	6,354	6,720	6,938	7,059
Public works	1,990	2,364	2,523	2,733	1,823	2,166	2,308	2,150	2,266	2,423
Recreation and social services	2,958	2,917	3,253	3,315	3,393	3,559	3,749	3,607	3,806	4,339
Economic and community development	-	5	146	72	510	123	5	27	42	12
Debt service:										
Principal retirement	447	488	2,926	476	428	440	574	2,708	1,621	663
Interest and fiscal charges	190	295	294	202	140	129	124	208	312	275
Capital outlay:										
General government	6	40	22	2	1	9	864	983	22	34
Public safety	174	323	234	119	112	206	193	168	227	147
Public works	51	132	798	225	80	95	115	212	149	840
Recreation and social services	650	2,043	5,884	213	129	277	1,009	1,369	4,153	391
Economic and community development	150	787	1,064	1,383	303	231	50	-	216	138
Total expenditures	<u>14,511</u>	<u>17,578</u>	<u>25,526</u>	<u>17,423</u>	<u>15,933</u>	<u>15,967</u>	<u>17,592</u>	<u>20,436</u>	<u>22,037</u>	<u>18,493</u>
Excess (deficiency) of revenues over expenditures	1,020	(178)	(7,497)	(1,833)	(1,134)	(1,196)	(1,574)	(4,210)	(5,186)	406
Other financing (uses) sources:										
Transfers in	940	1,984	2,750	1,457	1,205	641	809	1,060	2,266	1,113
Transfers out	(356)	(1,088)	(2,416)	(1,457)	(1,205)	(641)	(809)	(1,060)	(2,266)	(1,113)
Proceeds from capital lease	87	-	-	-	-	-	1,631	-	46	-
Proceeds from debt	2,500	-	2,516	-	-	-	624	7,574	-	-
Total other financing sources (uses)	<u>3,171</u>	<u>898</u>	<u>2,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,255</u>	<u>7,574</u>	<u>46</u>	<u>0</u>
Net change in fund balances	<u>\$ 4,191</u>	<u>\$ 720</u>	<u>\$ (4,647)</u>	<u>\$ (1,834)</u>	<u>\$ (1,134)</u>	<u>\$ (1,134)</u>	<u>\$ 681</u>	<u>\$ 3,364</u>	<u>\$ (5,140)</u>	<u>\$ 406</u>
Debt service as a percentage of noncapital expenditures	4.7%	5.5%	18.4%	4.4%	3.7%	3.8%	4.6%	16.5%	11.2%	5.5%

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			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	Personal Property				
2008	804,833	194,506	67,368	1,066,707	6.3000	1,840,486	59.24%
2009	680,762	158,596	54,922	894,280	6.4305	1,537,229	64.34%
2010	627,952	187,898	51,287	867,137	6.1698	1,308,696	68.96%
2011	631,848	179,860	60,956	872,664	6.4710	1,298,885	64.72%
2012	599,212	185,007	66,114	850,333	6.7400	1,221,297	77.98%
2013	597,863	211,570	77,894	887,327	6.9950	1,263,267	72.13%
2014	621,834	248,863	75,422	946,119	7.6710	1,284,743	73.64%
2015	653,405	264,315	68,523	986,244	7.6710	1,316,177	74.93%
2016	692,877	290,727	70,334	1,053,938	7.5000	1,553,378	67.85%
2017	743,121	292,140	85,506	1,120,767	7.5000	1,695,734	66.09%

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

(1) Includes tax-exempt property.

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

CITY OF MIAMI SPRINGS, FLORIDA

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS(1)

LAST TEN FISCAL YEARS

Fiscal Year	City of Miami Springs		Total Direct Rate	OVERLAPPING RATES						Total Direct & Overlapping Rates
	City Wide	Debt Service		County			Special Districts			
				County-Wide	Debt Service	Fire	Library	School	State	
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
2013	6.9950	-	6.9950	4.7035	0.2850	2.4627	0.1725	7.9980	0.9634	23.5801
2014	7.6710	-	7.6710	4.7035	0.4220	2.4496	0.1725	7.9970	0.9382	24.3538
2015	7.6710	-	7.6710	4.6669	0.4500	2.4293	0.2840	7.6120	0.8896	24.0028
2016	7.5000	-	7.5000	4.6669	0.4000	2.4282	0.2840	7.3220	0.8627	23.4638
2017	7.5000	-	7.5000	4.6669	0.4000	2.4282	0.2840	6.9940	1.1907	23.4638

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

Additional information:

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

Tax rate limits:

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

Source: Miami-Dade County
Department of Property Appraisal

CITY OF MIAMI SPRINGS, FLORIDA

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

2017				2008			
<u>Taxpayer</u>	<u>Taxable Valuation</u>	<u>Rank</u>	<u>Percentage Total Taxable Valuation</u>	<u>Taxpayer</u>	<u>Taxable Valuation</u>	<u>Rank</u>	<u>Percentage Total Taxable Valuation</u>
MIAMI AP HOTEL LLC	\$ 35,700	1	3.2%				
O2R PROPERTIES LLC	13,322	2	1.2%				
DORIAN VAN BEYER CALLEN	13,300	3	1.2%	DORIAN VAN BEYER CALLEN	\$ 13,000	2	1.2%
AA BAKER GROUP LTD	13,141	4	1.2%				
RED ROOF INNS	11,100	5	1.0%	RED ROOF INNS	8,815	4	0.8%
4299 MIAMI SPRINGS LLC	10,769	6	1.0%	4299 MIA SPRG LLC	7,000	5	0.7%
MIAMI LEJEUNE LLC	9,936	7	0.9%				
BRE LQ FL PROPERTIES LLC	8,858	8	0.8%	BRE LQ FL PROPERTIES L L C	5,289	9	0.5%
PFEFFER & MARIN HOLDINGS LLC	7,650	9	0.7%				
FAIRHAVEN REAL ESTATE	8,000	10	0.7%	FAIRHAVEN REAL ESTATE	5,679	8	0.5%
				FELCOR HOLDINGS L.P.	25,000	1	2.4%
				MIAMI SPRINGS GOLF VILLAS	6,910	6	0.7%
				AIRPORT FINANCIAL CENTER	9,900	3	0.9%
				BRE HMSTD PORTFOLIO LLC	6,292	7	0.6%
				FAIRWAYS INC	5,105	10	0.0%
						10	
	<u>\$ 131,776</u>		<u>12.5%</u>		<u>\$ 92,990</u>		<u>8.9%</u>

Sources: Miami-Dade County Tax Assessors' Office
2017 Tax Roll
Real/personal property adjusted taxable value- \$1.120.766

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
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%
2013	5,824	5,823	100.0%	-	5,823	100.0%
2014	6,807	6,669	98.0%	-	6,669	98.0%
2015	7,261	7,151	98.5%	-	7,151	98.5%
2016	7,103	7,073	99.6%	-	7,073	99.6%
2017	7,567	7,502	99.1%	-	7,502	99.1%

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			
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
2013	-	3,849	18	-	124	562	4,553	1.41%	324
2014	-	3,414	2,132	-	83	399	6,028	1.56%	429
2015	-	8,418	2,132	-	41	286	10,877	2.81%	773
2016	-	6,990	1,848	-	-	463	9,301	2.40%	661
2017	-	6,546	2,078	-	-	454	9,078	2.12%	645

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 86 for the personal income and population data.

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2008	3,110	113	2,997	0.19%	219
2009	2,865	108	2,757	0.21%	201
2010	2,610	100	2,510	0.18%	185
2011	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	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 77 for property value data.

(2) See the Schedule of Demographic and Economic Statistics on page 86 for population data.

CITY OF MIAMI SPRINGS, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FISCAL YEAR ENDED SEPTEMBER 30, 2017
(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)	\$ 499,129	0.40%	\$ 1,997
Miami-Dade County (3)	<u>1,597,781</u>	0.40%	<u>6,391</u>
Subtotal overlapping debt	2,096,910		8,388
City of Miami Springs direct debt	<u>10,043</u>	100.0%	<u>10,043</u>
Total direct and overlapping debt	\$ 2,106,953		\$ 18,431

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 revenue bonds, loans and capital leases)

CITY OF MIAMI SPRINGS, FLORIDA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	163,538	145,667	135,380	135,380	129,984	136,677	141,976	147,937	147,541
Total net debt applicable to limit (1)	<u>3,110</u>	<u>2,865</u>	<u>2,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>166,648</u>	<u>148,532</u>	<u>137,990</u>	<u>135,380</u>	<u>129,984</u>	<u>136,677</u>	<u>141,976</u>	<u>147,937</u>	<u>147,541</u>
Total net debt applicable to the limit as a percentage of debt limit	1.90%	1.97%	1.93%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2017

Assessed valuation 2017 roll	<u>\$ 1,121,726</u>
Bonded debt limit- 15% of assessed value	\$ 168,259
Total ad valorem debt- General Obligation Bonds	
Amount of debt applicable	<u>\$ -</u>
Legal debt margin	<u>\$ 168,259</u>

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

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

CITY OF MIAMI SPRINGS, FLORIDA

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)	Public Service Tax & Franchise Fee Revenues (3)	Debt Service Requirements			Coverage
						Principal	Interest	Total	
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
2013	-	-	-	949,575	-	440,297	128,506	568,804	167
2014	-	-	-	1,003,119	-	434,692	115,914	550,606	182
2015	-	-	-	1,051,079	2,139,229	738,504	243,951	982,455	325
2016	-	-	-	(2)	2,149,997	376,000	258,771	634,771	339
2017	-	-	-	(2)	2,184,204	376,000	258,771	634,771	344

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 \$2.6 million Sales Tax Revenue Refunding Note collateralized by the Half Cent Sales Tax. The Sales Tax Revenue Refunding Note 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. This Note was prepaid in full during FY2016.

3) The City issued \$7.55 million Capital Improvement Refunding Revenue Note, Series 2015 which is collateralized by the Public Service Tax and the Franchise Fee Revenues. The Capital Improvement Refunding Revenue Note 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 (2)	School Enrollment (3)	Unemployment rate (4)
2008	13,712	N/A	N/A	39.0	5,226.0	6.3
2009	13,557	N/A	N/A	N/A	4,742.0	11.3
2010	13,557	274,516	20,249	N/A	4,676	12.7
2011	13,809	279,618.4	20,249	N/A	4,654	11.5
2012	13,844	280,327.2	20,249	42.5	4,345	8.7
2013	14,037	322,331.6	22,963	42.5	4,494	8.4
2014	14,067	386,843	27,500	42.5	4,494	6.4
2015	14,027	392,279	27,966	42.0	4,494	6.2
2016	14,089	388,194	27,553	43.3	4,494	4.8
2017	14,214	432,120	30,401	45.5	4,494	4.6

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

(2) <http://www.city-data.com/city/Miami-Springs-Florida.html>

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

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

N/A- Information not available

CITY OF MIAMI SPRINGS, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

<u>EMPLOYER</u>	<u>2017</u>			<u>2008</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	33,477	1	2.94%	50,000	1	4.47%
Miami-Dade County, Florida	25,205	2	2.21%	32,000	2	2.86%
Federal Government	19,200	3	1.69%	20,400	3	1.82%
State Government	17,100	4	1.50%	17,000	4	1.52%
University of Miami	12,818	5	1.12%	9,874	8	0.88%
Baptist Health Systems	11,353	6	1.00%	10,826	7	0.97%
American Airlines	11,031	7	0.97%	9,000	9	0.81%
Jackson Memorial Hospital	9,797	8	0.86%	10,500	6	0.94%
City of Miami	3,997	9	0.35%	-	-	0.00%
Florida International University	3,534	10	0.31%	-	-	0.00%
Miami Dade Community College	-		0.00%	6,500	10	0.58%
Publix Supermarket	-		0.00%	11,000	5	0.98%
	<u>147,512</u>		<u>12.96%</u>	<u>177,100</u>		<u>15.84%</u>

Source: The Beacon Council

CITY OF MIAMI SPRINGS, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public Safety										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	43	41	43	43	36	36	36	36	32	41
Public works										
Streets (Miles-paved)	55	55	55	55	55	55	55	55	55	55
Culture and recreation										
Sports/Recreation Parks	3	3	3	3	3	3	3	3	3	3
Recreation Center	1	1	1	1	1	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
Sanitation										
Number of collection trucks	6	6	6	6	6	6	6	6	6	6
Elderly Services										
Senior centers	1	1	1	1	1	1	1	1	1	1
Transportation vehicles	2	2	1	1	1	1	1	1	1	1

Sources: Various City departments

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

CITY OF MIAMI SPRINGS, FLORIDA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police:										
Number of calls answered	16,413	19,028	19,791	18,043	17,504	15,893	15,009	13,990	15,853	21,478
Number of arrests	537	620	426	430	494	489	373	327	292	397
Number of uniformed officers	41	41	41	43	43	43	42	43	43	43
Building & Zoning:										
Number of building permits issued	1,324	1154	1120	1,105	1,220	1,278	1,302	1,274	1,549	1,767
License/Permit revenue generated	\$373,957	\$283,678	\$673,492	\$490,819	\$404,196	\$663,443	\$948,629	\$552,041	\$618,194	\$ 1,232,568
Occupational licenses issued	652	557	572	603	587	569	569	582	568	577
Culture and recreation										
Number of senior meals served	48,530	42,274	40,302	43,054	41,634	39,851	41,746	56,014	42,346	43,149
Recreation revenues collected	\$190,498	\$239,455	\$294,990	\$449,149	\$475,212	\$460,122	\$411,196	\$343,094	\$420,444	\$ 512,800
Sanitation										
Refuse collected (tons per month)	375	325	389	475	508	839	961	914	953	947

Sources: Various City departments

Note: Indicators are not available for the general government function.

CITY OF MIAMI SPRINGS, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government	19	19	20	19	19	17	17	16	16	16
Public safety										
Police										
Officers	41	41	41	43	43	43	42	43	43	43
Civilians	12	11	11	11	11	11	11	10	13	13
Building & Zoning	6	6	6	5	5	5	5	6	7	7
Public Works	21	25	26	25	23	16	13	13	18	18
Culture and recreation	10	10	7	10	10	11	13	11	16	16
Water and Sewer	8	-	-	-	-	-	-	-	-	-
Sanitation	13	13	13	13	13	13	13	13	13	13
Stormwater	2	2	2	2	2	3	3	3	2	2
	<u>132</u>	<u>127</u>	<u>126</u>	<u>128</u>	<u>126</u>	<u>119</u>	<u>117</u>	<u>115</u>	<u>128</u>	<u>128</u>

Source: City of Miami Springs Finance department

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S 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 Council
City of Miami Springs, Florida

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 12, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caballero Fierman Llerena + Garcia, LLP

Caballero Fierman Llerena + Garcia, LLP
Coral Gables, Florida
March 12, 2018



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Miami Springs's ("the City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended September 30, 2017. City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended September 30, 2017.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Caballero Fierman Llerena + Garcia, LLP

Caballero Fierman Llerena + Garcia, LLP
Coral Gables, Florida
March 12, 2018

CITY OF MIAMI SPRINGS, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED SEPTEMBER 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract #</u>	<u>Expenditures</u>
<i>U.S. Department of Health and Human Services</i>			
<i>Indirect Programs-Passed through the Alliance for Aging:</i>			
Title III, Part C Nutrition Services	93.045	AA-1605	<u>175,443</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>175,443</u>
<i>U.S. Department of Transportation</i>			
<i>Indirect Programs-Passed through the Florida Department of Transportation:</i>			
Highway Planning & Construction-federal-Aid Highway Program	20.205	FPN436607-1/Contract# G0967	<u>521,208</u>
<i>Total U.S. Department of Transportation</i>			<u>521,208</u>
<i>U.S. Department of Agriculture</i>			
<i>Indirect Programs-Passed through the Alliance for Aging:</i>			
Nutrition Program for the Elderly	10.570	US-1645	<u>32,993</u>
<i>Indirect Programs-Passed through Florida Department of Agriculture and Consumer Services:</i>			
Exotic/Invasive Vegetation Removal and Tree maintenance	10.668	10A-73	<u>9,000</u>
<i>Total U.S. Department of Agriculture</i>			<u>41,993</u>
<i>U.S. Department of Justice</i>			
<i>Direct Programs:</i>			
Federal Equitable Sharing	16.000	N/A	<u>75,101</u>
<i>Total U.S. Department of Justice</i>			<u>75,101</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 813,745</u>

CITY OF MIAMI SPRINGS, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the City of Miami Springs, Florida (the City) under programs of the federal government for the year ended September 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Miami Springs, Florida it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Miami Springs, Florida.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement, except for the Equitable Sharing programs for Justice which follow, *Guide to Equitable Sharing for Foreign Countries and Federal, State, and local Law Enforcement Agencies*. Pass-through entity identifying numbers are presented where available.

NOTE 3 - INDIRECT COST RATE

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF MIAMI SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes X No

Significant deficiencies identified not considered to be material weakness?

___ Yes X None reported

Non-compliance material to financial statements noted?

___ Yes X No

Federal Awards Program

Internal control over major federal awards programs:

Material weakness(es) identified?

___ Yes X No

Significant deficiencies identified not considered to be material weakness?

___ Yes X None Reported

Type of auditors' report issued on compliance for major federal awards programs:

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

___ Yes X No

Identification of major federal awards programs:

Federal Program or Cluster

CFDA No.

U.S. Department of Transportation-Highway Planning and Construction Federal Aid-Highway Program

20.205

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

\$750,000

Auditee qualified as low risk auditee pursuant to the Uniform Guidance?

___ Yes X No

CITY OF MIAMI SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

**CITY OF MIAMI SPRINGS, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDED SEPTEMBER 30, 2017**

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

II. PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

III. PRIOR YEAR STATE PROJECTS AND QUESTIONED COSTS

None.

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES
OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

Report on the Financial Statements

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, 2017, and have issued our report thereon dated March 12, 2018.

Auditors' Responsibility

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; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

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*; Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 12, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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 findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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 this management letter, unless disclosed in the notes to the financial statements. This information has been disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the city. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires the we apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3, Rules of the Auditor General, requires us to communicate noncompliance with 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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the City Council and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Caballero Fierman Llerena + Garcia, LLP

Caballero Fierman Llerena + Garcia, LLP
Coral Gables, Florida
March 12, 2018



CABALLERO FIERMAN
LLERENA + GARCIA LLP
accountants | advisors

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION
218.415 FLORIDA STATUTES**

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

We have examined City of Miami Springs's compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2016 to September 30, 2017. Management of City of Miami Springs ("the City") is responsible for City of Miami Springs's compliance with the specified requirements. Our responsibility is to express an opinion on City of Miami Springs's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether City of Miami Springs complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether City of Miami Springs complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on City's compliance with specified requirements. In our opinion, City of Miami Springs complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2016 to September 30, 2017.

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

Caballero Fierman Llerena + Garcia, LLP

Caballero Fierman Llerena + Garcia, LLP
Coral Gables, Florida
March 12, 2018