



# City of Miami Springs Florida

# Comprehensive Annual Financial Report

For the Year Ended  
September 30, 2014

**CITY OF MIAMI SPRINGS, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Page</u>
<b>I. INTRODUCTORY SECTION</b>	
Letter of Transmittal	i
GFOA Certificate of Achievement	vi
Organizational Chart	vii
List of Elected and Appointed Officials	viii
<b>II. FINANCIAL SECTION</b>	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-19
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	20
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet to the Statement of Net Position-Governmental Funds	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Net Position – Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund Types	27
Statement of Cash Flows – Proprietary Fund Types	28
Notes to Basic Financial Statements	29-55
Required Supplementary Information (other than MD&A):	
Budgetary Comparison Schedules:	
General Fund	56-57
Law Enforcement Trust Fund	58
Notes to Budgetary Comparison Schedules	59
Combining Financial Statements:	
Combining Balance Sheet – Non-major Governmental Funds	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-major Governmental Funds	61
Schedules of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual-Non-major Governmental Funds	62-64

**CITY OF MIAMI SPRINGS, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2014**

<b>III. STATISTICAL SECTION</b>	<b><u>Page</u></b>
Net Position by Component	65
Changes in Net Position	66
General Governmental Revenues by Source	67
Fund Balances of Governmental Funds	68
Changes in Fund Balances of Governmental Funds	69
Assessed Value and Estimated Actual Value of Taxable Property	70
Computation of Direct and Overlapping Debt	71
Principal Tax Payers	72
Property Tax Levies and Collections	73
Ratios of Outstanding Debt by Type	74
Ratios of General Bonded Debt Outstanding	75
Direct and Overlapping Governmental Activities Debt	76
Legal Debt Margin Information	77
Pledged Revenue Bond Coverage	78
Demographic and Economic Statistics	79
Principal Employers	80
Full Time Equivalent City Government Employees by Function	81
Operating Indicators by Function	82
Capital Asset Statistics by Function/Program	83
<b>IV. COMPLIANCE SECTION</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	<b>84-85</b>
Management Letter Required By Section 10.550 of the Rules of the Auditor General of the State of Florida	<b>86-87</b>
Independent Accountant's Report on Compliance with the Requirements of Section 218.415 Florida Statutes in Accordance with Chapter 10.580, Rules of the Auditor General of the State of Florida	<b>88</b>

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## **INTRODUCTORY SECTION**

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# **LETTER OF TRANSMITTAL**

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# CITY OF MIAMI SPRINGS

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

February 6, 2014

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, 2014, 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 Albarni Caballero & Fierman, 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 police, parks and recreation facilities, solid waste collection, stormwater management, senior citizen services and facility, building and zoning, planning, code enforcement, and golf course management.

## **ECONOMIC CONDITION AND OUTLOOK**

The City of Miami Springs is located in Southeast Florida, Miami-Dade County, immediately north and bordering the Miami International Airport. The City, primarily residential in nature, comprises approximately 3 square miles with approximately 13,800 full-time residents. The southern-most area of the City, located along the 36<sup>th</sup> Street business corridor, is commercial in nature with hotels, restaurants and office complexes. These facilities primarily service the airport and support industries related to the facility and its employees.

The City of Miami Springs has been successful in providing a high quality of life for its residents, by enhancing the level of services being offered. In addition to the increased efforts to enhance services, the City has also provided increased benefits to its employees, 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, which is approximately only 28% of total tax revenues, for the City's future economic health and to reduce 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 36<sup>th</sup> 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 FY2014 assessed property values increased to \$946,504,898 or an increase of approximately \$59.2 million or 6.7% from the \$887,326,659 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 FY2014, after six years of contract negotiations, the City signed a three year agreement with its police union. The new agreement included changes to the Police Pension Plan that reduces benefits to current and future new hires, and lowers future pension costs for both sides. Pension costs had been increasing significantly over the past few years, with pension contributions last year exceeding \$1 million for both the Police the General Employees Pension Plans for the first time in the City's history.

The 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**

The City Council has established a written policy that the unassigned fund balance should be equal to 25% of the operating expenditures and transfers out budgeted for the General fund in the subsequent year. This reserve will ensure that the City has available funds in case of any unforeseen emergencies. The City was in compliance with this policy as of September 30, 2014.

The City is pursuing grant and other funding opportunities to provide needed infrastructure improvements to the City, including funding for a median bike path project, new aquatic facility, and other public works projects. The 2014-2015 budget provides for the cost of building a new aquatic facility.

## **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.

### **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,

## **FINANCIAL INFORMATION (Continued)**

### **Budgetary Controls (continued)**

and respond to their budget questions. A majority affirmative vote of the City Council is needed to adopt the budget, which is legally enacted prior to October 1<sup>st</sup> by the adoption of a Resolution. The City Manager and Finance Director may recommend amendments to the budget, however, the City Council must approve all budget adjustments as well as any supplemental appropriations. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and is subject to future appropriations. Budgetary control is maintained at the fund level, except for the General Fund, which is maintained at the departmental level. Budget-to-actual comparisons are provided in this report for each major individual governmental fund for which an appropriated annual budget has been adopted. All non-major governmental funds, with appropriated annual budgets, are presented in the combining and individual fund section of this report, which starts on page 60.

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

### **Cash Management**

The City of Miami Springs is charged with the security of the City's funds and assets with the goal of maximizing return on surplus or idle cash. Cash management policies are clearly identified in the adopted budget documents along with regulations defined by the laws of the State of Florida. The City's primary investment instrument for Fiscal Year 2013-14 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 2014, the City earned \$14,976 in investment income, as compared to \$9,215 earned in fiscal year 2013.

The increase can be directly attributed to the closeout of the SBA account which resulted in higher than anticipated gains from the remaining investments.

### **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, 2014.

In 2003, The Federal Emergency Management Agency, in conjunction with Miami-Dade County, commenced a canal dredging project which was to be paid by various municipalities based upon a local match responsibility allocation. In 2005, the County updated its cost estimates and the City's responsibility was determined to be \$414,578.

On December 20, 2005, the City executed an interlocal agreement with Miami-Dade County for the repayment of this debt. Under the terms of this agreement, the note will be repaid by the City in ten annual payments of \$41,458 plus interest, commencing December 20, 2006 and ending with a final payment on December 20, 2015. The note bears interest at a variable rate. On September 30, 2014 the rate was 0.49% and the outstanding balance was \$82,914.

On November 12, 2009, the City executed a \$416,647 capital lease with TD Equipment Finance, Inc. The lease has an interest rate of 2.95%, matures on November 11, 2014, and is collateralized by the equipment purchased under the lease. Approximately \$86,787 was used to purchase two new golf course maintenance mowers and an aerator, \$329,860 was used to purchase a new refuse truck and loader crane for the sanitation operation. Under the terms of the Lease, the City is required to make twenty (20) quarterly payments of principal and interest in the amount of \$22,467 commencing on February 1, 2010 and ending with the final payment of \$22,467 on November 1, 2014. The balance as of September 30, 2014 was \$22,353.

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

## **FINANCIAL INFORMATION (Continued)**

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

difference and an economic gain of approximately \$390,000 as a result of the refunding. The balance as of September 30, 2014 was \$2,027,471.

On November 29, 2010, the City issued the Sales Tax Revenue Refunding Note Series 2010 in an amount of \$2,610,000 with Branch Banking and Trust (BB&T). The proceeds were used to refund the \$5,000,000 of General Obligation Bonds, Series 1997. The refunding note has a fixed interest rate of 2.35% and matures on February 1, 2018. The refunding note is payable solely from and secured by the City's half-cent ( $\frac{1}{2}$ ) sales tax revenues. The City achieved a cash flow difference and an economic gain of approximately \$327,000 as a result of the refunding. The balance at September 30, 2014 was \$1,386,690.

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, 2014 was \$378,650.

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 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, 2014 was \$499,326.

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. As of September 30, 2014, the city capitalized \$19,597 as part of this project. The balance as of September 30, 2014 was \$1,625,841.

On November 12, 2009, the City executed a \$416,647 capital lease with TD Equipment Finance, Inc. The lease has an interest rate of 2.95%, matures on November 11, 2014, and is collateralized by the equipment purchased under the lease. The balance as of September 30, 2013 was \$27,249.

### **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 2014-2015 budget provides for the cost of building a new aquatic facility to replace the current aging pool facility. In addition, the City is providing funding for the scheduled replacement of certain police vehicles and other equipment, parks and recreation infrastructure, and needed sidewalk and infrastructure repairs city-wide.

During FY2014 the City commenced a \$1.6 million energy conservation project which includes replacement of streetlights, interior lighting, park lighting, air handling systems, and other energy conservation installations that will reduce energy costs over the next 10 to 20 years.

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

## **MAJOR INITIATIVES (Continued)**

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 Alberni Caballero & Fierman, 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, Alberni Caballero & Fierman, 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,



Ronald Gorland  
City Manager



William Alonso CPA, CGFO, CGMA  
Assistant City Manager/Finance Director



Government Finance Officers Association

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

Presented to

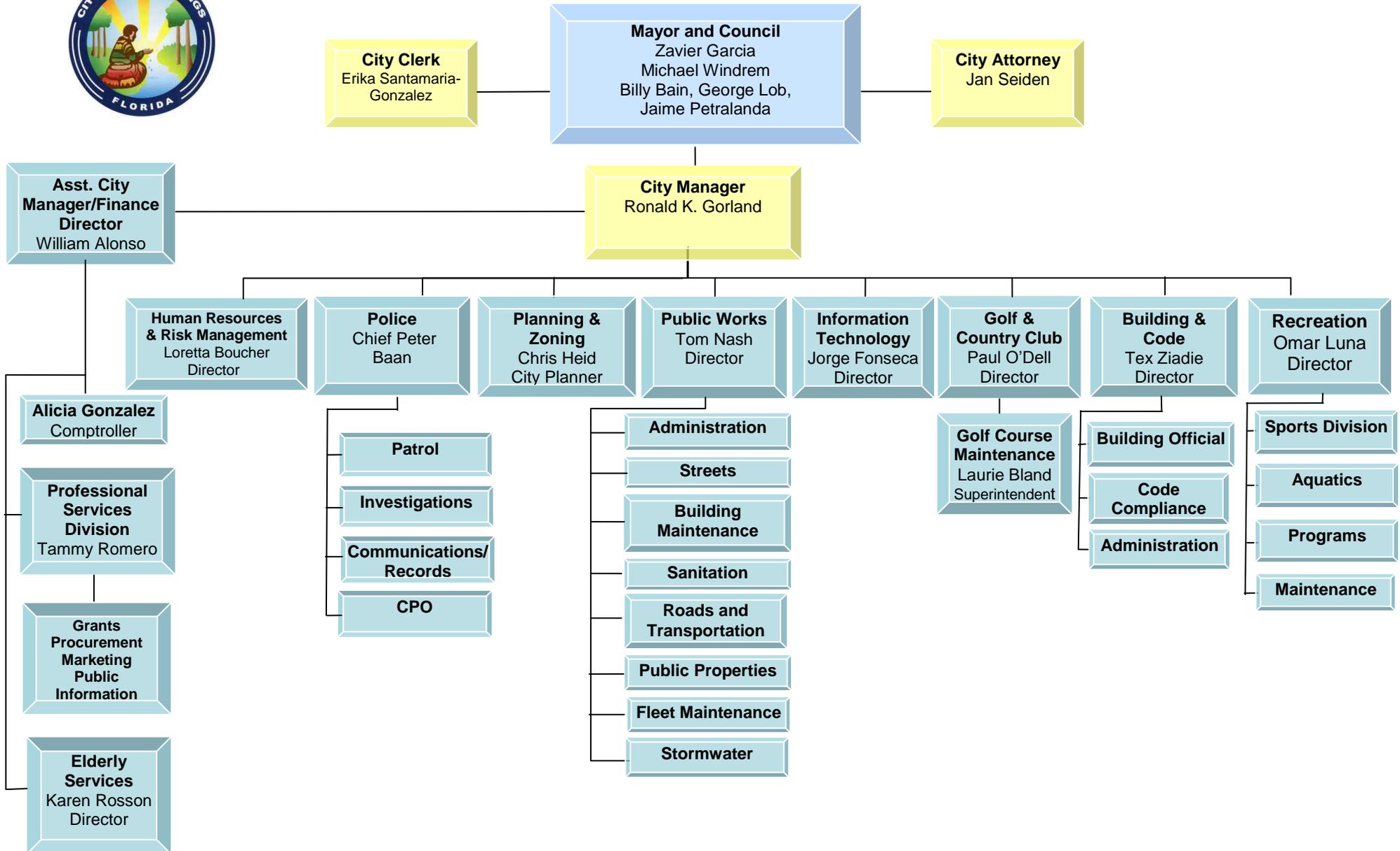
**City of Miami Springs  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

Executive Director/CEO

# City of Miami Springs Organizational Chart 2014 - 2015



# **MIAMI SPRINGS CITY OFFICIALS**

## **CITY COUNCIL**

Mayor: Zavier Garcia

Councilman: George Lob

Councilman: Jaime Petralanda

Councilman: Michael Windrem

Councilwoman: Billy Bain

## **CITY MANAGER**

Ron Gorland

## **CITY ATTORNEY**

Jan K. Seiden

## **CITY CLERK**

Ericka Gonzalez Santamaria

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

William Alonso CPA, CGFO

## **EXTERNAL AUDITORS**

Alberni, Caballero & Fierman, LLP

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## **FINANCIAL SECTION**

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**ACF-CPA.COM**

## 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, Florida (the "City") as of and for the fiscal year ended September 30, 2014, 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 auditor's 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 entity'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 entity'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, 2014, and the respective changes in financial position and cash flows for the fiscal 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 and budgetary comparison information on pages 3-19 and 56-59 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.

### *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 introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and statistical section, 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 budgetary comparison schedules 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 budgetary comparison schedules 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 February 6, 2015, 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.

*Alberni Caballero & Fierman, LLP*

Alberni Caballero & Fierman, LLP

Coral Gables, Florida  
February 6, 2015

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

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the City of Miami Springs, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year which ended on September 30, 2014. 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 \$26.5 million (net position). \$2.2 million of this (unrestricted net position) may be used to meet the ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$778,119 from \$27,286,975 in FY2013 to \$26,508,856 in FY2014. The decrease is attributable to the overall decrease of \$471,800 from the City's business-type activities, coupled with a decrease of \$306,319 in net position of the governmental activities.
- During the year, the City had expenses that were \$1,573,864 higher than the \$16 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 \$438,956.
- Total cost of all of the City's programs increased by approximately \$1.3 million or 11.7% with no new programs added this year. The increase was due to increases in payroll and operating costs for the current year.
- The General Fund's fund balance increased by \$571,305 for the fiscal year ended September 30, 2014; this increase was a result of departmental savings during the year due to unfilled vacant positions and other lower than budgeted cost savings.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$3.9 million, or approximately 26.9% of total general fund expenditures. The committed fund balance was \$243,341 which represents future costs related to parks and recreation and hurricane contingency.
- The City's total debt increased by approximately \$1.5 million or 33.3% (net of principal payments on existing debt). This increase was due primarily to the \$1.6 million note issued for the ConEd energy savings project.

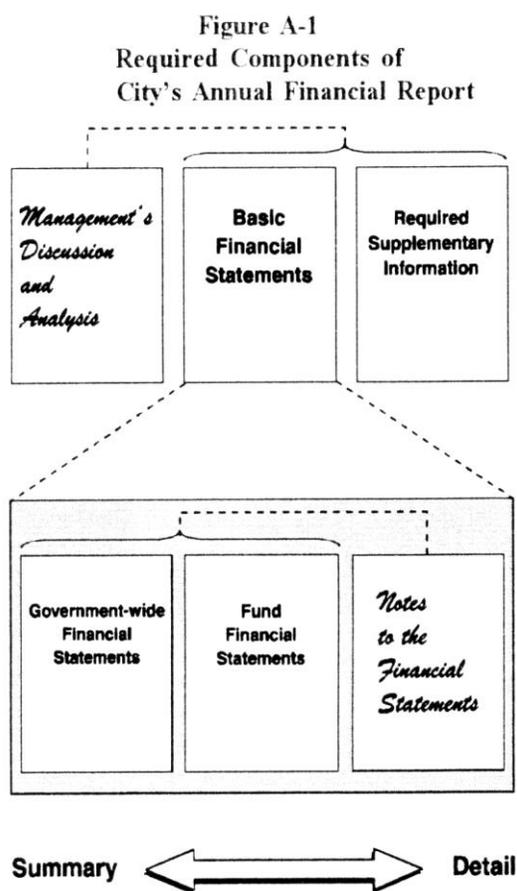
## OVERVIEW OF THE FINANCIAL STATEMENTS

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 Law Enforcement Trust 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 55 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 56 to 59 of this report.

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

### Government-Wide Financial Analysis

**Summary of Net 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 decreased by 2.9% between fiscal years 2013 and 2014 (see Table 1).

## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

### Governmental Activities

The Net Position for the City's governmental activities decreased by \$306,319 or 1.3% to \$23.4 million which is attributable to current year operations. The largest portion of the City's governmental net position, \$20.1 million or 86%, 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 (\$1.3 million or 5.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$2.0 million) may be used to meet the City's ongoing obligations to citizens and creditors.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2013-2014
	2013	2014	2013	2014	2013	2014	
Current and other assets	\$ 5.9	\$ 7.0	\$1.4	\$0.6	\$ 7.3	\$ 7.6	4.1%
Capital assets	24.8	25.6	3.1	3.3	27.9	28.9	3.6%
<b>Total assets</b>	<b>30.7</b>	<b>32.6</b>	<b>4.5</b>	<b>3.9</b>	<b>35.2</b>	<b>36.5</b>	<b>3.7%</b>
Long-term debt	4.9	6.2	0.7	0.2	5.6	6.4	14.3%
Other liabilities	2.1	3.0	0.2	0.6	2.3	3.6	56.5%
<b>Total liabilities</b>	<b>7.0</b>	<b>9.2</b>	<b>0.9</b>	<b>0.8</b>	<b>7.9</b>	<b>10.0</b>	<b>26.6%</b>
Net position							
Net Investment in capital assets	20.9	20.1	2.9	2.8	23.8	22.9	(3.8)%
Restricted	1.2	1.3	-	-	1.2	1.3	8.3%
Unrestricted	1.6	2.0	0.7	0.3	2.3	2.3	-%
<b>Total net position</b>	<b>\$ 23.7</b>	<b>\$ 23.4</b>	<b>\$3.6</b>	<b>\$3.1</b>	<b>\$27.3</b>	<b>\$26.5</b>	<b>(2.9)%</b>

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

**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:

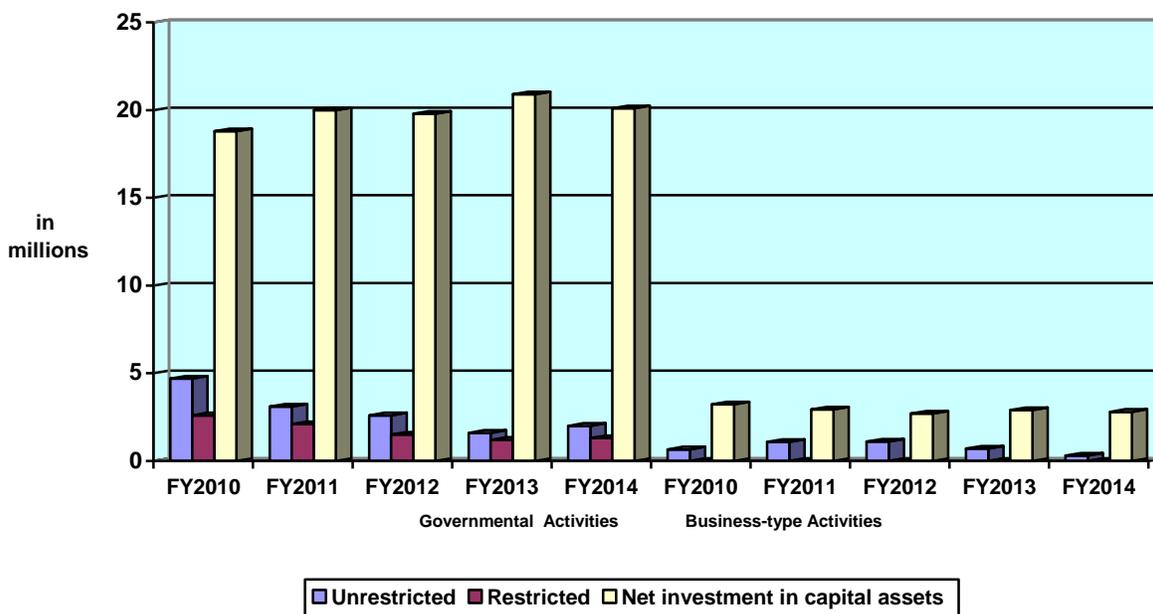
- 1) **Economic condition** can reflect a declining, stable or growing environment and has a substantial impact on property, non-ad valorem assessments, sales, gas, or other tax revenues as well as consumer spending habits for building permits, user fees and consumption.

## 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
- 3) authorized staffing. Staffing costs (salary and related benefits) represent approximately 65% of the City's general fund operating costs.
- 4) **Salary increases** such as cost of living, performance increases and market adjustments can impact personal service costs.
- 5) **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 decreased by \$778,119 to approximately \$26.5 million for the current fiscal-year. This is due to the use of available unrestricted net position to fund additional appropriations made during the year.

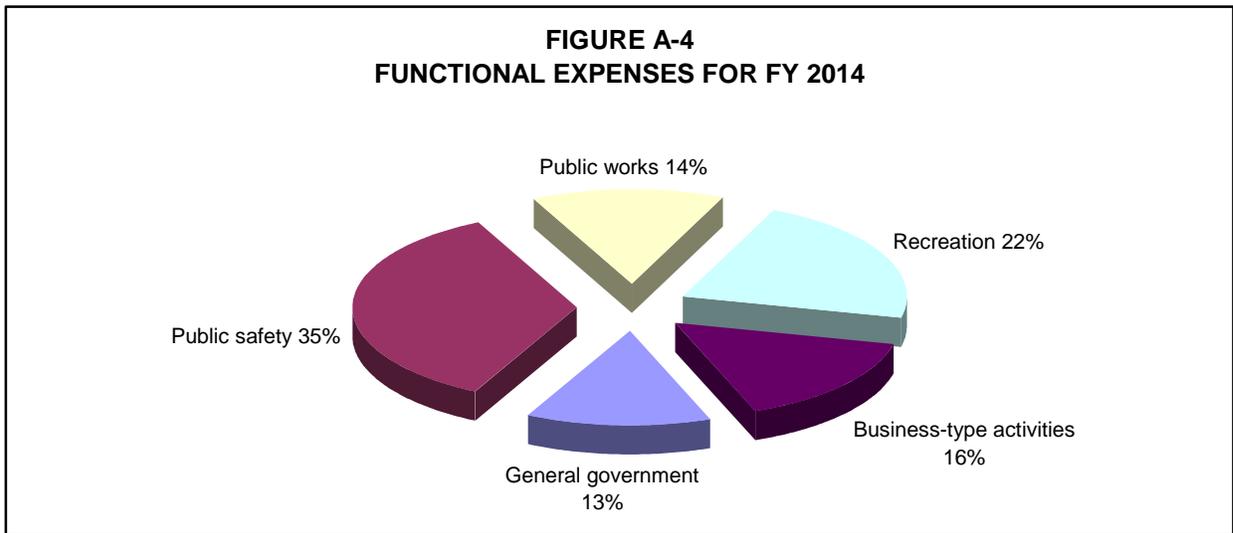
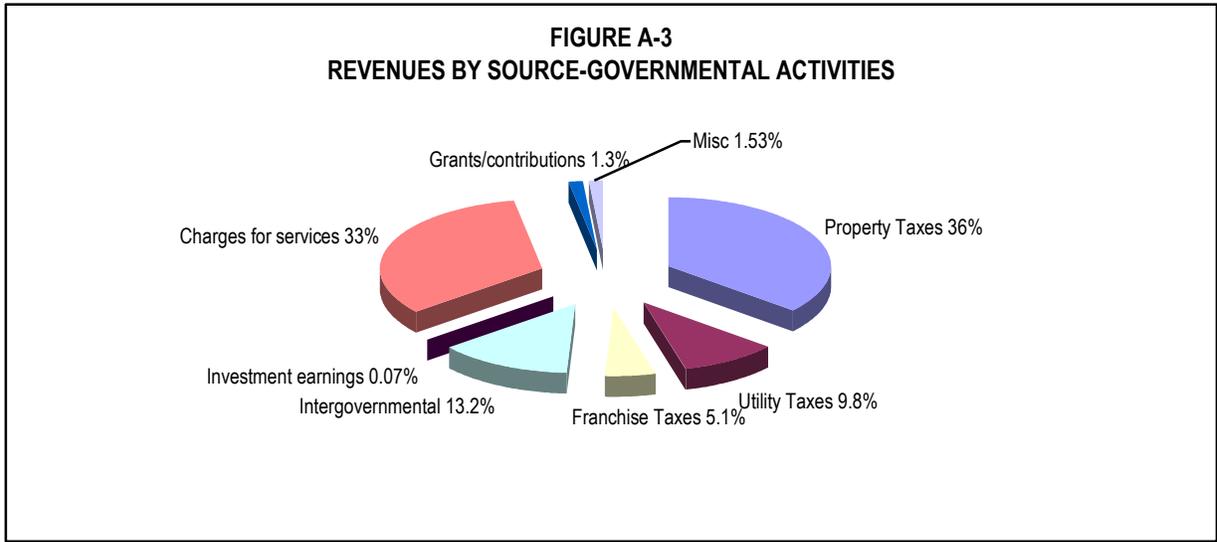
## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

### Governmental Activities (continued)

The City's total revenues increased by 1.1% to \$18.5 million (see Table 2). This increase was due primarily to increases property tax revenues.

Approximately 36% of the City's revenues come from property taxes, and 59 cents of every dollar raised comes from some type of tax (see Figure A-3). Another 33% comes from fees charged for services, and 14.5% comes from federal, state and local aid. Total costs of all programs and services increased by approximately \$400,000, or 2.1% (see Table 2).

The City's expenses cover a range of services; with about 51% related to public safety and business-type activities (see Figure A-4).



## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

### Governmental Activities (continued)

Revenues for the City's governmental activities increased 0.6% (from \$15.8 million to \$15.9 million), while the expenses increased 1.2% (\$16.1 million to \$16.2 million). The decrease in net position for governmental activities was \$306,319 in 2014. This compares to a \$181,523 decrease in 2013. Key elements of the 2014 revenue increases/decreases are as follows:

- Property tax revenues increased by approx. \$900,000 due to increasing property values as well as the millage increase voted in for FY 2014.
- Charges for services increased by \$300,000 due to increased building permit revenues during the year.
- Capital grants decreased by \$1.5 million capital contributions from the component unit recognized in the prior year.

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

- General government decreased by approximately \$100,000 or 4% due to decreased operating costs.
- Economic and community development decreased by approximately \$100,000 over 2013 since the renovation of the senior center was completed the prior year.
- Public Safety increased by approximately \$100,000 or 1.5% over 2013 due to pension and operating costs.
- Recreation increased by approximately \$300,000 or 7.7% over 2013 due to higher fuel and operating costs.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2013	2014	2013	2014	2013	2014	2013-2014
<b>Revenues</b>							
Program revenues							
Charges for services	\$3.3	\$3.6	\$2.5	\$2.5	\$5.8	\$6.1	5.1 %
Operating grants and contributions	.2	.2	--	--	.2	.2	-%
Capital grants and contributions	1.5	--	--	--	1.5	--	(100)%
<b>General revenues</b>							
Property taxes	5.8	6.7	--	--	5.8	6.7	15.5%
Franchise taxes	.9	.9	--	--	.9	.9	-%
Utility taxes	1.7	1.8	--	--	1.7	1.8	5.9%
Investment & other income	.2	.3	--	--	.2	.3	50.0%
Intergovernmental	2.2	2.4	--	--	2.2	2.4	9.0 %
<b>Total revenues</b>	<b>15.8</b>	<b>15.9</b>	<b>2.5</b>	<b>2.5</b>	<b>18.3</b>	<b>18.4</b>	<b>0.5%</b>
<b>Expenses</b>							
General government	2.6	2.5	--	--	2.6	2.5	(3.8)%
Public safety	6.6	6.7	--	--	6.6	6.7	1.5 %
Public works	2.6	2.6	2.7	2.9	5.3	5.5	3.8%
Parks and recreation	3.9	4.2	--	--	3.9	4.2	7.7%
Economic & community development	.2	.1	--	--	.2	.1	(50)%
Interest on long-debt	.1	.1	--	--	.1	.1	-%
<b>Total expenses</b>	<b>16.0</b>	<b>16.2</b>	<b>2.7</b>	<b>2.9</b>	<b>18.7</b>	<b>19.1</b>	<b>2.1%</b>
<b>Increase (decrease) in net position</b>	<b>(.2)</b>	<b>(.3)</b>	<b>(.2)</b>	<b>(.4)</b>	<b>(.4)</b>	<b>(.7)</b>	<b>75%</b>
<b>Net position, September 30</b>	<b>\$23.7</b>	<b>\$23.4</b>	<b>\$3.6</b>	<b>\$3.1</b>	<b>\$27.3</b>	<b>\$26.5</b>	<b>(2.9)%</b>

Note: Totals may not add due to rounding.

## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

### Governmental Activities (continued)

In FY 2014, the City's millage rate was 7.6750 compared to 6.9950 in FY 2013. The City's total general fund revenue sources were \$158,309 higher than the final budgeted revenues of \$14.96 million. The total expenditures were less than budgeted by \$385,757 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 \$16.2 million. Some of that cost was financed by:
  - Those who directly benefited from the programs through charges for services (\$3.6 million)
  - Other governments and organizations that subsidized certain programs from operating grants and contributions (\$200,000).
- The City financed the remaining \$12.4 million “public benefit” portion of governmental activities with \$9.4 million in taxes, and with other revenues such as interest and unrestricted state aid.

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

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2013	2014	2013-2014	2013	2014	2012-2013
Public safety	6.6	6.7	1.5%	\$ 6.0	\$ 6.2	3.3%
Recreation/social services	3.9	4.2	7.7%	2.1	2.5	19%
General government	2.6	2.6	-%	1.3	0.9	(30.8)%
Public works	2.6	2.6	-%	2.6	2.6	-%
Community development	.2	.1	(50)%	(1.0)	.1	100%
Interest on long term debt	.1	.1	-%	.1	.1	-%
<b>Total</b>	<b>\$16.0</b>	<b>\$16.3</b>	<b>1.9%</b>	<b>\$11.1</b>	<b>\$12.4</b>	<b>11.7%</b>

### Business-type Activities

For FY 2014, there was a decrease of approximately \$518,284 in unrestricted net position and a decrease of \$471,800 in total net assets reported in connection with the City's business-type activities.

Key elements of these changes are as follows:

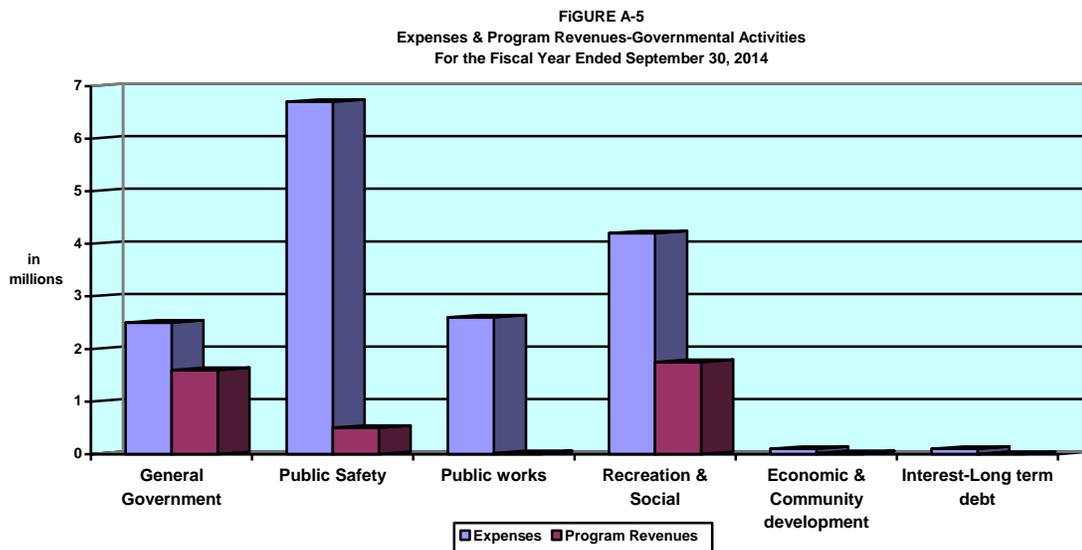
- The operating loss for all business-type activities was \$438,956.

## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

### Business-type Activities (continued)

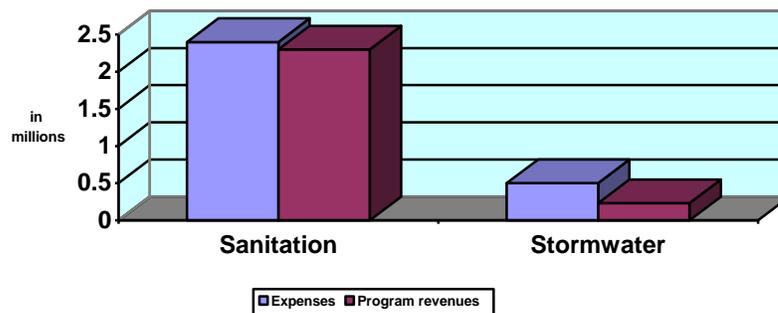
- The sanitation operation posted an operating loss of \$151,309. As was the case last year, this operation was self supporting and did not require a general fund subsidy.
- The stormwater utility operation reflected an operating loss of \$287,647, however this loss was funded from available net position and as such, it too required no subsidy from the City's general fund.

For FY2014, revenues of the City's business-type activities were \$2,487,637 or approximately \$42,317 (1.7%) less than the prior year total (see Table 2).



**Figure A-6**

**Expenses & Program Revenues-Business-type Activities** For the fiscal Year Ended September 30, 2014



Operating expenses for the business-type activities increased by \$185,987 or 6.8% from FY2013 mainly due to increases in operating costs.

As the City completed the year, its governmental funds reported combined fund balances of \$5.4 million, or an increase of \$700,000 compared to last year's combined fund balances of \$4.7 million.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Included in this year's total change, is an increase in the General Fund balance of approximately \$571,305 which covered the operating surplus for FY2014. The primary reasons for the increase are the same as those that have already been highlighted in the analysis of governmental activities.

### The General Fund

The General fund is the chief operating fund of the City. General tax revenues and other receipts that are not allocated by law or by contractual agreement to another fund are accounted for in this fund. General operating expenses, fixed charges and capital improvement costs not paid through other funds are paid from this fund. At the end of the current fiscal year, the total fund balance of the general fund was \$4.3 million, as compared with \$3.7 million in the prior year. The breakdown of fund balance classifications is as follows:

- Unassigned fund balance was \$3.9 million compared to \$3.0 million in FY2013; increase was due to the surplus reported in current year activity.
- Committed was \$243,341 compared to \$577,316 in FY2013; decrease is due to funds committed in prior year being used in FY2014 for pool repairs as well as other appropriations made by Council during the year.
- Non-spendable was \$162,205 compared to \$133,812 last year; variance is due to the ending encumbrance balance for the current year.

During FY 2014, the General Fund provided a subsidy of \$110,622 to the Senior Center Fund to cover the operating deficits of this operation for the fiscal year.

When compared to 2013, total revenues for the General Fund increased by \$1,135,499 or 8.1%. Licenses and permits increased by approximately \$302,805 due to the increased building activity during the year. Property taxes increased by \$846,180 due to the increase in millage for FY2014, as well as increases assessed property values.

In fiscal year 2014, total General Fund expenditures increased by \$317,591 or 2.3% compared to the prior year. The bulk of the increase was a \$638,847 or 18.2% increase in Recreation and social services due to the significant equipment purchases as well as maintenance expenditures incurred at the golf course during the year. It should be noted that other departments reported decreases in operating costs due to vacant positions as well as lower 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.

### **General Fund Budgetary Highlights**

Over the course of the year, the City amended the General Fund budget five times. The budget amendments fall into two categories: (1) Amendments are approved for rollovers related to prior year encumbrances and (2) supplemental appropriations to provide appropriations for various other needs which have arisen since the adoption of the budget. Even with these adjustments, actual disbursements were \$385,757 below final budgeted amounts. The most significant contributor to this variance was lower than budgeted expenditures in police of \$213,994 due to lower operating costs.

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

### General Fund Budgetary Highlights (continued)

Other significant savings of \$139,086 occurred in recreation. These savings were due to lower than expected operating expenditures as well as personnel vacancies during the year.

The fiscal year 2014 final amended budget was \$14,744,073 or an increase of 3.6% over the original General Fund budget of \$14,231,795. 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 1.3%. The final Adopted Budget would provide an increase of \$173,969 to our year end fund balance. The original General Fund budget consisted of \$14,231,795 in base expenditures and \$839,248 in operating transfers to the other funds.

**Table 4  
General Fund Revenues**

<u>Revenue Sources</u>	<u>2014 Amount</u>	<u>Percent of Total</u>	<u>2013 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2013</u>	<u>Percentage Increase (Decrease)</u>
Property taxes	\$6,669,201	44.1%	\$5,823,021	41.7%	\$846,180	14.5%
Franchise fees	940,553	6.2%	873,907	6.3%	66,646	7.6%
Utility taxes	1,209,894	8.0%	1,096,401	7.8%	113,493	10.4%
Communications services tax	598,314	4.0%	661,769	4.7%	(63,455)	-9.6%
Licenses and permits	1,043,212	6.9%	740,407	5.3%	302,805	40.9%
Intergovernmental	1,851,894	12.3%	1,990,594	14.2%	(138,700)	-7.0%
Charges for services	2,124,889	14.1%	1,983,774	14.2%	141,115	7.1%
Fines and forfeitures	421,708	2.8%	526,592	3.8%	(104,884)	-19.9%
Investment income	12,042	0.1%	5,389	0.0%	6,653	123.5%
Rental revenues	152,003	1.0%	135,433	1.0%	16,570	12.2%
Other revenues	91,450	0.6%	142,374	1.0%	(50,924)	-35.8%
<b>Total revenues</b>	<b>\$15,115,160</b>	<b>100.0%</b>	<b>\$13,979,661</b>	<b>100.0%</b>	<b>\$1,135,499</b>	<b>8.1%</b>

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

**Table 5  
General Fund Expenditures**

<u>Expenditures</u>	<u>2014 Amount</u>	<u>Percent of Total</u>	<u>2013 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2013</u>	<u>Percentage Increase (Decrease)</u>
General government services	\$2,253,344	15.7%	\$2,385,340	17.0%	(\$131,996)	-5.5%
Public safety	6,370,435	44.4%	6,396,490	45.6%	(26,055)	-0.4%
Public works	1,591,867	11.1%	1,755,072	12.5%	(163,205)	-9.3%
Recreation and social services	4,142,669	28.9%	3,503,822	25.0%	638,847	18.2%
<b>Total expenditures</b>	<b>\$14,358,315</b>	<b>100.0%</b>	<b>\$14,040,724</b>	<b>100.0%</b>	<b>\$317,591</b>	<b>2.3%</b>

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

### General Fund Budgetary Highlights (continued)

Differences between the original budget and the final amended budget increased appropriations by \$512,278 and can be briefly summarized as follows:

- ◆ \$90,989 in encumbrances carried over from FY2012-13.
- ◆ \$421,289 in additional appropriations related to loan proceeds to finance the golf equipment purchase, hiring of the aquatic center project design build consultant, and other miscellaneous citywide repair and maintenance expenditures.

These increases were to be budgeted from loan proceeds and 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 \$70,887 for FY 2014.

The difference between the appropriations and the actual expenditures in the General Fund was approximately \$385,757 for fiscal year 2014. These variances are explained below:

- Lower than budgeted expenditures in recreation of \$139,086, general government of \$122,399, and public safety of \$173,916 due to personnel vacancies during the year as well as lower operating costs.

### Other Major Governmental Funds

**Law Enforcement Trust Fund-** This fund accounts for all resources accumulated from the receipt of forfeited property as well as federal grants, all proceeds are to be used for law enforcement purposes only. Revenues for FY2014 were \$99,200 compared to \$51,172 in FY2013. The fund balance decreased by \$77,562 to \$682,996 at the end of the fiscal year.

**Capital Projects Fund-** This fund is used to account city-wide capital projects such as the Con Ed energy conservation project, the aquatic facility project and the Stafford Park improvement project. All of these projects are being financed through issuance of debt. During the year the fund reported revenues of \$153 mainly from investment revenues and issuance of debt of \$1,630,737. Expenditures for the year totaled \$1,141,730. The fund balance at year end was \$495,298 and will be appropriated in FY2015 for the completion of these projects.

## 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, 2014 increased by \$1 million from the prior year. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, streets and median improvements, park facilities, and stormwater infrastructure.

## CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2013	2014	2013	2014	2013	2014	2013-14
Land	\$ 3.1	\$ 3.1	\$ -	\$ -	\$ 3.1	\$ 3.1	0.0%
Buildings	14.2	13.9	0.0	0.0	14.2	13.9	-2.1%
Improvements other than buildings	1.2	1.2	0.0	0.0	1.2	1.2	0.0%
Equipment	2.8	3.1	0.8	1.0	3.6	4.1	13.9%
Infrastructure	3.4	3.1	2.3	2.2	5.7	5.3	-7.0%
Construction in progress	0.1	1.2	0.0	0.1	0.1	1.3	1200.0%
<b>Total</b>	<b>\$ 24.8</b>	<b>\$ 25.6</b>	<b>\$ 3.1</b>	<b>\$ 3.3</b>	<b>\$ 27.9</b>	<b>\$ 28.9</b>	<b>3.6%</b>

This year's major capital asset additions before depreciation for the governmental activities equaled approximately \$2,244,032 and includes the following:

- The City commenced the city-wide Con Edison Energy Conservation Project as well as the Aquatic Facility Project.
- Purchase of maintenance equipment for the golf and country club operation.
- Scheduled replacement of certain police vehicles and other police equipment, public works trucks and equipment, and other citywide equipment.

This year's major capital asset additions before depreciation for the business-type activities equaled \$53,844 and includes the following:

- Purchase of two replacement sanitation trucks for the Sanitation operation.
- City-wide Stormwater drainage projects.

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

**Long-term debt.** At year-end the City had \$3.4 million in notes payable and \$2.1 in capital leases payable, as shown in Table 7. Total debt increased by approximately \$1.5 million or 33.3%.

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

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2013	2014	2013	2014	2013	2014	2013-14
Notes payable	3.8	3.4	0.1	0.1	3.9	3.5	-10.3%
Capital lease payable	0.0	2.1	0.6	0.4	0.6	2.5	316.7%
<b>Total</b>	<b>\$ 3.8</b>	<b>\$ 5.5</b>	<b>\$ 0.7</b>	<b>\$ 0.5</b>	<b>\$ 4.5</b>	<b>\$ 6.0</b>	33.3%

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATIOS**

The City recognizes the importance of increasing its commercial tax base for future economic health and to reduce the tax burden on the residents. The City is aggressively pursuing various avenues of economic development and revitalization within the City as well as moving forward with annexation of areas west of the City which has a significant commercial tax base. The issue of annexation was presented to the City electors in a ballot question on April 7, 2009 and approved overwhelmingly by the residents of the City.

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

On January 29, 2008 the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000), except for school district taxes. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

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

Amendment 1 became effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which became effective on January 1,

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

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.

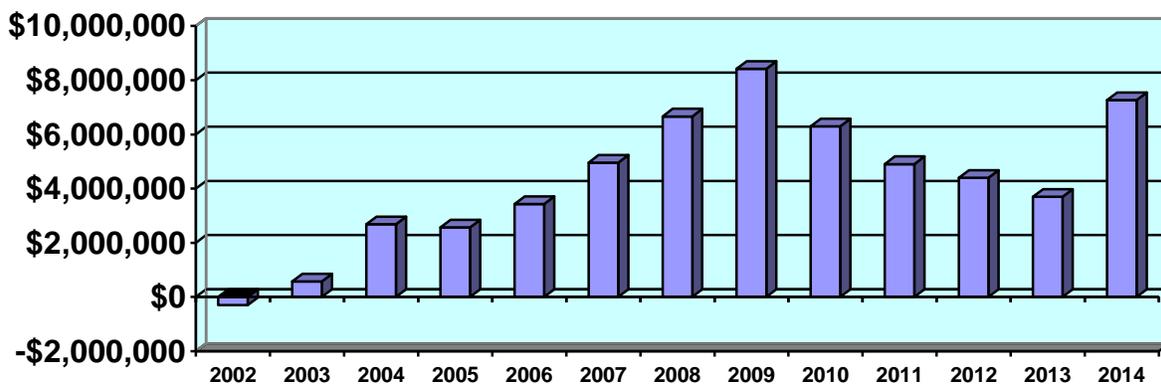
Revenues (excluding transfers) in the FY 2015 adopted General Fund budget are \$15.5 million, an increase of approximately 3% from the FY 2014 actual revenues of \$15.1 million. Property taxes, State revenue sharing, and franchise/utility taxes will account for most of this expected increase.

Fiscal year 2015 budgeted expenditures and transfers are expected to be \$15.3 million, or 0.6%, higher than the fiscal year 2014 actual of \$15.2 million. Given the current economic conditions, the City's budgetary General Fund balance is expected to report a modest increase in FY2014-15.

During the current fiscal year, the total fund balance in the General Fund was \$4.3 million compared to \$3.7 million from last year. This \$4.3 million is approximately equal to 2.8 months of General Fund budgeted expenditures. Between fiscal years 2002 and 2014, the City, as can be seen at Figure A-7, rebuilt its fund balance to over \$4.3 million. During the past 4 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 and public works operations. During the FY2013-2014 fiscal year, the city continued this effort by using a portion of the unassigned fund balance to fund certain infrastructure projects, equipment purchases, repairs, and other Council approved appropriations.

In 1995, the state of Florida limited all local governments' ability to increase property taxable values in any given year to 3 percent or cost of living, whichever is lower. Figure A-8 illustrates that the City has maintained a stable property tax rate for the past three years. For many years, the City, just like many cities across the country, had to face the challenge of keeping taxes and service charges as low as possible while providing residents with the level of service they have come to expect.

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

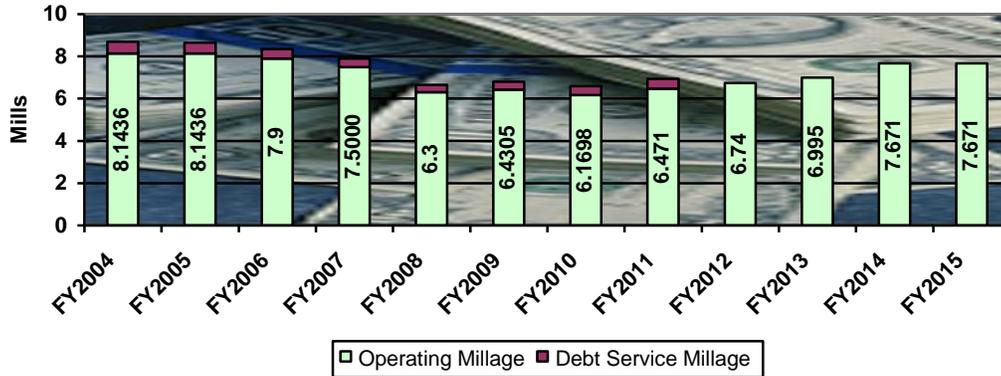


The operating millage rate for tax year 2014, which is collected in fiscal year 2015, is 7.6710 or \$7.6710 per thousand dollars of taxable value. Overall, the adopted budget is an economical and prudent financial plan that will ensure quality public services and needed capital improvements for all residents, both today and in the future.

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

Property values for fiscal year 2014 were \$946,504,898 or an increase of approximately \$59.2 million or 6.7% from the \$887,326,659 in final taxable value for the prior fiscal year.

**Figure A-8  
Total City Millage**



### Requests for Information

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

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# **BASIC FINANCIAL STATEMENTS**

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# CITY OF MIAMI SPRINGS, FLORIDA

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2014

	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and equity in pooled cash and investments	\$ 4,077,349	\$ 525,123	\$ 4,602,472
Accounts receivable - net	798,800	87,051	885,852
Inventories	162,205	-	162,205
Net pension asset	160,893	-	160,893
Restricted assets:			
Cash and equity in pooled cash and investments	1,781,202	-	1,781,202
Capital assets:			
Land	3,085,904	-	3,085,904
Construction in progress	1,215,308	67,652	1,282,960
Building	18,049,798	-	18,049,798
Equipment	8,162,601	2,139,645	10,302,246
Improvements other than building	3,516,690	4,411,498	7,928,187
Infrastructure	16,505,233	-	16,505,233
Total capital assets	50,535,534	6,618,795	57,154,330
Less accumulated depreciation	(24,916,138)	(3,307,061)	(28,223,198)
Total capital assets - net	25,619,397	3,311,734	28,931,132
Total assets	32,599,846	3,923,909	36,523,756
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued expenses	595,592	38,132	633,725
Accrued payroll	330,327	49,671	379,998
Unearned revenue	518,001	-	518,001
Noncurrent liabilities:			
Due within One Year:			
Bonds and Loans Payable	603,083	420,107	1,023,190
Compensated Absences	970,769	92,809	1,063,578
Due in More Than One Year:			
Bonds and Loans Payable	4,943,018	61,933	5,004,951
Compensated Absences	550,644	52,893	603,537
Other Post Employment Benefits	677,610	110,309	787,919
Total liabilities	9,189,045	825,854	10,014,900
<b><u>NET POSITION</u></b>			
Net investment in capital assets	20,073,295	2,829,695	22,902,990
Restricted for:			
Law Enforcement	682,996	-	682,996
Capital Projects	495,298	-	495,298
Debt service	496	-	496
Roads and transportation	137,907	-	137,907
Unrestricted	2,020,809	268,360	2,289,170
Total net position	\$ 23,410,801	\$ 3,098,055	\$ 26,508,856

See notes to basic financial statements

**CITY OF MIAMI SPRINGS, FLORIDA**  
 STATEMENT OF ACTIVITIES  
 FISCAL YEAR ENDED SEPTEMBER 30, 2014

Functions/programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 2,531,365	\$ 1,624,274	\$ -	\$ -	\$ (907,090)	\$ -	\$ (907,090)
Public safety	6,680,079	421,708	33,845	-	(6,224,525)	-	(6,224,525)
Public works	2,643,509	18,660	-	-	(2,624,849)	-	(2,624,849)
Recreation and social services	4,209,125	1,540,467	204,873	-	(2,463,785)	-	(2,463,785)
Economic and community development	136,212	19,451	4,103	-	(112,658)	-	(112,658)
Interest on long-term debt	124,450	-	-	-	(124,450)	-	(124,450)
Total governmental activities	<u>16,324,740</u>	<u>3,624,560</u>	<u>242,822</u>	<u>-</u>	<u>(12,457,358)</u>	<u>-</u>	<u>(12,457,358)</u>
<b>Business-type activities:</b>							
Sanitation	2,415,621	2,256,731	-	-	(158,890)	-	(158,890)
Stormwater	519,162	230,906	-	-	(288,256)	-	(288,256)
Total business activities	<u>2,934,783</u>	<u>2,487,637</u>	<u>-</u>	<u>-</u>	<u>(447,146)</u>	<u>-</u>	<u>(447,146)</u>
<b>Total</b>	<b>\$ 19,259,523</b>	<b>\$ 6,112,198</b>	<b>\$ 242,822</b>	<b>\$ -</b>	<b>\$ (12,457,358)</b>	<b>\$ (447,146)</b>	<b>\$ (12,904,504)</b>
<b>General revenues:</b>							
Property taxes, levied for general purpose					\$ 6,669,201	\$ -	\$ 6,669,201
Property taxes, levied for debt service					-	-	-
Utility taxes					1,808,208	-	1,808,208
Franchise fees on gross receipts					940,553	-	940,553
Intergovernmental (unrestricted)					2,442,328	-	2,442,328
Investment income					13,893	1,083	14,976
Other					276,856	-	276,856
Loss on sale of capital assets					-	(25,737)	(25,737)
Total general revenues					<u>12,151,039</u>	<u>(24,654)</u>	<u>12,126,384</u>
Change in net position					<u>(306,319)</u>	<u>(471,800)</u>	<u>(778,119)</u>
Net position, October 1					<u>23,717,120</u>	<u>3,569,855</u>	<u>27,286,975</u>
Net position, September 30					<u>\$ 23,410,801</u>	<u>\$ 3,098,055</u>	<u>\$ 26,508,856</u>

See notes to basic financial statements

**CITY OF MIAMI SPRINGS, FLORIDA**  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014

	<u>Major Funds</u>					
	<u>General</u>	<u>LETF Fund</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
<u>ASSETS</u>						
Cash and equity in pooled cash and investments	\$ 3,841,237	\$ -	\$ -	\$ 236,112	\$ 4,077,349	
Accounts receivable - net	649,319	-	-	149,481	798,800	
Inventories	162,205	-	-	-	162,205	
Due from other funds	291,189	-	-	-	291,189	
Restricted assets:	-	-	-	-	-	
Cash and equity in pooled cash and investments	682,996	1,052,503	-	45,703	1,781,202	
Total assets	<u>\$ 4,943,950</u>	<u>\$ 682,996</u>	<u>\$ 1,052,503</u>	<u>\$ 431,297</u>	<u>\$ 7,110,746</u>	
<u>LIABILITIES AND FUND BALANCES</u>						
Accounts payable	\$ 196,231	\$ -	\$ 275,267	\$ 38,787	\$ 510,285	
Accrued payroll	324,139	-	-	6,189	330,328	
Due to other funds	-	-	281,938	9,251	291,189	
Other liabilities	85,307	-	-	-	85,307	
Unearned revenues	74,628	-	-	443,373	518,001	
Total liabilities	<u>680,304</u>	<u>-</u>	<u>557,205</u>	<u>497,601</u>	<u>1,735,110</u>	
<u>FUND BALANCES</u>						
Nonspendable	162,205	-	-	-	162,205	
Restricted	-	682,996	495,298	138,403	1,316,697	
Committed	243,341	-	-	-	243,341	
Assigned	-	-	-	-	-	
Unassigned	3,858,099	-	-	(204,707)	3,653,392	
Total fund balances	<u>4,263,646</u>	<u>682,996</u>	<u>495,298</u>	<u>(66,304)</u>	<u>5,375,635</u>	
Total liabilities and fund balances	<u>\$ 4,943,950</u>	<u>\$ 682,996</u>	<u>\$ 1,052,503</u>	<u>\$ 431,297</u>	<u>\$ 7,110,745</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, 2014**

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

Total fund balances - governmental funds (Page 22)	\$ 5,375,635
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	50,535,534
Less accumulated depreciation	(24,916,138)

Net pension asset	160,893
OPEB liability	(677,610)

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	(5,546,101)
Compensated absences	(1,521,413) <u>(7,067,514)</u>

Net position of governmental activities (Page 20)	\$ <u>23,410,801</u>
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**CITY OF MIAMI SPRINGS, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Major Funds				Total Governmental Funds
	General	LETF Fund	Capital Projects	Other Governmental Funds	
<b>Revenues:</b>					
Taxes and franchise fees	\$ 7,609,755	\$ -	\$ -	\$ -	\$ 7,609,755
Charges for services	2,124,889	-	-	34,751	2,159,640
Public service taxes	1,808,208	-	-	-	1,808,208
Intergovernmental	1,851,894	-	-	730,049	2,581,943
Licenses and permits	1,043,212	-	-	-	1,043,212
Fines and forfeitures	421,708	97,503	-	-	519,211
Investment income	12,042	1,698	153	-	13,893
Other	243,453	-	-	39,107	282,560
Total revenues	15,115,160	99,200	153	803,908	16,018,422
<b>Expenditures:</b>					
<b>Current:</b>					
General government	2,245,685	-	-	-	2,245,685
Public safety	6,274,873	78,989	-	-	6,353,862
Public works	1,509,692	-	-	798,418	2,308,110
Recreation and social services	3,415,951	-	-	333,299	3,749,250
Economic and community development	-	-	3,621	1,785	5,406
<b>Debt service:</b>					
Principal retirement	-	-	-	574,490	574,490
Interest and fiscal charges	-	-	-	124,450	124,450
<b>Capital outlay:</b>					
General government	7,659	-	856,171	-	863,830
Public safety	95,562	97,774	-	-	193,335
Public works	82,175	-	-	32,586	114,761
Recreation and social services	726,718	-	281,937	-	1,008,655
Economic and community development	-	-	-	50,450	50,450
Total expenditures	14,358,315	176,762	1,141,730	1,915,479	17,592,286
<b>Excess (Deficiency) of revenues over expenditures before other financing (uses) sources</b>	<b>756,846</b>	<b>(77,562)</b>	<b>(1,141,577)</b>	<b>(1,111,571)</b>	<b>(1,573,864)</b>
<b>Other financing sources (uses):</b>					
Issuance of debt	623,843	-	1,630,737	-	2,254,580
Transfers in	-	-	-	809,383	809,383
Transfers out	(809,383)	-	-	-	(809,383)
Total other financing sources (uses)	(185,540)	-	1,630,737	809,383	2,254,580
<b>Net change in fund balances</b>	<b>571,305</b>	<b>(77,562)</b>	<b>489,160</b>	<b>(302,188)</b>	<b>680,714</b>
<b>Fund balances - beginning</b>	<b>3,692,341</b>	<b>760,557</b>	<b>6,138</b>	<b>235,884</b>	<b>4,694,921</b>
<b>Fund balances - ending</b>	<b>\$ 4,263,646</b>	<b>\$ 682,996</b>	<b>\$ 495,298</b>	<b>\$ (66,304)</b>	<b>\$ 5,375,635</b>

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, 2014

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)	\$	680,714
<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	\$ 2,231,032	
Less current year depreciation	(1,340,394)	890,637
Net effect of various miscellaneous transactions involving capital assets (ie:sales, trade-ins, capital outlay not meeting threshold)		(71,608)
<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		(134,396)
Change in Net Pension Asset		(11,263)
Change in Compensated Absences		19,686
<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		574,490
Issuance of debt		<u>(2,254,580)</u>
Change in net position of governmental activities (Page 21)	\$	<u>(306,319)</u>

# CITY OF MIAMI SPRINGS, FLORIDA

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

SEPTEMBER 30, 2014

<u>ASSETS</u>	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
<b>Current assets:</b>			
Cash and equity in pooled cash and investments	\$ 426,234	\$ 98,889	\$ 525,123
Accounts receivable - net	47,413	39,638	87,051
<b>Total current assets</b>	<b>473,647</b>	<b>138,528</b>	<b>612,174</b>
<b>Non-current assets:</b>			
<b>Capital assets:</b>			
Equipment	1,657,099	482,546	2,139,645
Infrastructure	-	4,411,498	4,411,498
Construction in progress - infrastructure	-	67,652	67,652
<b>Total capital assets</b>	<b>1,657,099</b>	<b>4,961,696</b>	<b>6,618,795</b>
Less accumulated depreciation	(831,226)	(2,475,834)	(3,307,061)
<b>Total capital assets - net</b>	<b>825,873</b>	<b>2,485,861</b>	<b>3,311,734</b>
<b>Total noncurrent assets</b>	<b>825,873</b>	<b>2,485,861</b>	<b>3,311,734</b>
<b>Total assets</b>	<b>1,299,520</b>	<b>2,624,389</b>	<b>3,923,909</b>
 <u>LIABILITIES</u>			
<b>Current liabilities:</b>			
Accounts payable	37,726	406	38,132
Accrued liabilities	28,860	20,811	49,671
Current portion of notes payable	378,651	41,456	420,107
Compensated absences	82,077	10,732	92,809
<b>Total current liabilities</b>	<b>527,314</b>	<b>73,405</b>	<b>600,719</b>
<b>Non-current liabilities:</b>			
OPEB Liability	86,671	23,638	110,309
Notes payable	20,475	41,458	61,933
Compensated absences	52,249	644	52,893
<b>Total noncurrent liabilities</b>	<b>159,395</b>	<b>65,740</b>	<b>225,135</b>
<b>Total liabilities</b>	<b>686,709</b>	<b>139,145</b>	<b>825,854</b>
 <u>NET POSITION</u>			
Net investment in capital assets	426,747	2,402,947	2,829,695
Unrestricted	186,064	82,296	268,360
<b>Total net position</b>	<b>\$ 612,811</b>	<b>\$ 2,485,243</b>	<b>\$ 3,098,055</b>

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, 2014**

Business-type Activities -  
Enterprise Funds

	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 2,256,731	\$ 230,906	\$ 2,487,637
Total operating revenues	<u>2,256,731</u>	<u>230,906</u>	<u>2,487,637</u>
Operating expenses:			
Administrative costs	1,336,176	211,305	1,547,481
Operations and maintenance	316,357	129,052	445,409
Disposal and recycling costs	666,385	-	666,385
Depreciation and amortization	89,122	178,196	267,318
Total operating expenses	<u>2,408,040</u>	<u>518,553</u>	<u>2,926,593</u>
Operating loss	<u>(151,309)</u>	<u>(287,647)</u>	<u>(438,956)</u>
Non-operating revenues (expenses):			
Loss on disposal of capital assets	(25,737)	-	(25,737)
Interest income	988	95	1,083
Interest expense and fees	(7,581)	(609)	(8,190)
Total non-operating expenses	<u>(32,330)</u>	<u>(514)</u>	<u>(32,844)</u>
Change in net position	(183,639)	(288,161)	(471,800)
Total net position, October 1	<u>796,451</u>	<u>2,773,404</u>	<u>3,569,855</u>
Total net position, September 30	<u>\$ 612,811</u>	<u>\$ 2,485,243</u>	<u>\$ 3,098,055</u>

See notes to basic financial statements.

**CITY OF MIAMI SPRINGS, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Sanitation</u>	<u>Stormwater</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>			
Cash received from customers, governments and other funds	\$ 2,327,537	\$ 239,775	\$ 2,567,313
Cash paid to suppliers	(1,026,213)	(119,888)	(1,146,101)
Cash paid to employees	(867,781)	(162,155)	(1,029,936)
Payments for interfund services used	(470,000)	(60,000)	(530,000)
Net cash (used in) operating activities	<u>(36,457)</u>	<u>(102,268)</u>	<u>(138,725)</u>
<b>Cash Flows From Capital And Related Financing Activities:</b>			
Acquisition of fixed assets	(440,055)	(67,652)	(507,707)
Principal retirements of capital debt	(162,704)	(41,458)	(204,162)
Loss on sale of fixed assets	(25,141)	-	(25,141)
Interest paid on capital debt	(7,580)	(610)	(8,190)
Net cash (used in) capital and related financing activities	<u>(635,480)</u>	<u>(109,720)</u>	<u>(745,200)</u>
<b>Cash Flows From Investing Activities:</b>			
Interest and other income	988	95	1,083
Net cash provided by investing activities	<u>988</u>	<u>95</u>	<u>1,083</u>
Net (Decrease) In Pooled Cash and Investments	(670,949)	(211,893)	(882,842)
Pooled Cash And Investments, October 1	<u>1,097,183</u>	<u>310,781</u>	<u>1,407,964</u>
Pooled Cash And Investments, September 30	<u>\$ 426,234</u>	<u>\$ 98,889</u>	<u>\$ 525,122</u>
<b>Reconciliation Of Operating Loss To Net Cash Provided By Operating Activities:</b>			
Operating loss	\$ (151,309)	\$ (287,647)	\$ (438,956)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization	89,122	178,196	267,318
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(15,864)	(14,769)	(30,633)
(Decrease) increase in accounts payable	37,402	(457)	36,945
Increase (Decrease) in accrued liabilities	(28,795)	16,392	(12,403)
Increase (Decrease) in compensated absences	17,718	426	18,144
Increase (Decrease) in OPEB liabilities	15,268	5,591	20,859
Total adjustments	<u>114,852</u>	<u>185,379</u>	<u>300,231</u>
Net Cash provided by operating activities	<u>\$ (36,457)</u>	<u>\$ (102,268)</u>	<u>\$ (138,725)</u>

See notes to basic financial statements

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

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# CITY OF MIAMI SPRINGS, FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Financial Reporting Entity

The City of Miami Springs, Florida (the "City") is a political subdivision of the State of Florida located in Miami-Dade County. The City operates under a Council-Manager form of government. The City Council is governed by the City Charter and by state and local laws and regulations. The City Council is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Council-appointed City Manager. The City provides public safety, general government, recreation and public works services to its residents. The City does not provide educational, fire or hospital facilities. Those services are provided by the Miami-Dade County School Board and Miami-Dade County, respectively. The accompanying financial statements present the City for the fiscal year ended September 30, 2014.

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, 2013 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 **law enforcement trust fund (LETF)** is used to account for the resources accumulated from the sale of forfeited property as well as federal grants, all proceeds are to be used for law enforcement purposes only.

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

The City reports the following major proprietary funds:

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

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

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

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.

#### IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

The city implemented the following GASB Statement during the fiscal year ended September 30, 2014 that had an impact on the financial statements:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflow of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

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

### **D. Deposits and Investments**

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

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

### **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, 2014 was 7.6750 mills (\$7.675 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).

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

**G. Inventories and Prepaid Costs (Continued)**

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

**H. Restricted Assets**

Proceeds from forfeiture funds are classified as restricted in the Law Enforcement Special Revenue Fund since these resources are specifically earmarked for law enforcement purposes only. Additionally, proceeds from the People's Transportation Tax are classified as restricted since these resources may only be used for road and transportation related expenditures.

**I. Capital Assets**

Capital assets include, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Purchased or constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

**J. Unearned Revenues**

Unearned revenues include amounts collected before revenue recognition criteria are met. 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, 2014, 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	\$ 25,619,397
Bonds and loans payable	<u>(5,546,102)</u>
Net investment in capital assets	<u>\$ 20,073,295</u>

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

**N. Fund Balance-Governmental Funds**

As of September 30, 2014, 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.

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 city was in compliance with this policy at September 30, 2014 without significant exception.

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

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

As of September 30, 2014, fund balances are composed of the following:

	General Fund	Major Special Revenue Fund LETF	Major Capital Projects Fund Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
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**Fund balances:**

**Nonspendable:**

Inventories	\$ 162,205	\$ -	\$ -	\$ -	\$ 162,205
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**Restricted for:**

Law enforcement	-	682,996	-	-	682,996
Debt service	-	-	-	496	496
Transit & Transportation	-	-	-	137,907	137,907
Capital projects	-	-	495,298	-	495,298

**Committed to:**

Hurricane contingency	243,341	-	-	-	243,341
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**Assigned to:**

Unassigned:	3,858,100	-	-	(204,707)	3,653,393
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<b>Total fund balances</b>	<b>\$ 4,263,646</b>	<b>\$ 682,996</b>	<b>\$ 495,298</b>	<b>\$ (66,304)</b>	<b>\$ 5,375,635</b>
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	General Fund	Major Special Revenue Fund LETF	Major Capital Projects Fund Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
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**Fund balances:**

Nonspendable	\$ 162,205	\$ -	\$ -	\$ -	\$ 162,205
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Restricted	-	682,996	495,298	138,403	1,316,697
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Committed	243,341	-	-	-	243,341
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Assigned	-	-	-	-	-
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Unassigned	3,858,100	-	-	(204,707)	3,653,393
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<b>Total fund balances</b>	<b>\$ 4,263,646</b>	<b>\$ 682,996</b>	<b>\$ 495,298</b>	<b>\$ (66,304)</b>	<b>\$ 5,375,635</b>
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**O. Use of Estimates**

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

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

The City provides two separate defined benefit pension plans for its general employees and police officers. At September 30, 2014, the City recorded a net pension asset related to both plans in its government-wide statement of net assets. The net pension asset/obligations are functions of annual required contributions, interest, adjustments to the annual required contribution, annual pension costs and actual employers contributions made to the Plans. Please refer to Note 8 for further information.

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

**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.

**Revenue Restrictions**

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

The primary revenue sources include:

**Revenue Source**

Gas Tax  
Transportation Tax  
Nutrition Program for the Elderly  
Department of Health & Human Services  
Federal Forfeitures

**Legal Restrictions of Use**

Roads, sidewalks, streets  
Transportation and roads  
Grant Program Expenditures  
Grant Program Expenditures  
Law Enforcement

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

### Revenue Restrictions (Continued)

For the fiscal year ended September 30, 2014, the City complied, in all material respects, with these revenue restrictions.

### Excesses of expenditures over appropriations

For the fiscal year ended September 30, 2014 expenditures exceeded appropriations in the General fund for the following departments; City Manager \$4,955, human resources \$22,100, building & code \$40,078, public works-streets & sidewalks \$352, public works-building maintenance \$53,892, public works-fleet maintenance \$14,204, recreation-golf pro shop \$92,174 and recreation-golf maintenance \$9,516. 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, 2014, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
BB&T Money Market	\$ 3,428,132	1
Certificates of Deposit	<u>550,000</u>	286
Total Fair Value	<u>\$ 3,978,132</u>	
Portfolio weighted average maturity		<u>36</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, 2014, the portfolio's weighted average maturity was 36 days.

*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.

### 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2014, 14% of the City's investments were in the form of CD's.

*Custodial credit risk (deposits)* - In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. All of the City's deposits are entirely insured by federal depository insurance or collateralized by the multiple financial institution collateral pool pursuant to Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act." Under the Act, all qualified public depositories are required to pledge eligible collateral having a fair value equal to or greater than the average daily or monthly balance of all public deposits, multiplied by the depository's collateral pledging level. The book value of the City's deposits on the balance sheet date was \$2,162,819. The bank balance of the City's deposits as of September 30, 2014 was \$2,514,747.

*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	\$ 4,602,472	Cash	\$ 1,429
and investments			
Restricted assets:		Deposits	2,404,113
Cash and cash equivalents	<u>1,781,202</u>	Investments	<u>3,978,132</u>
	<u>\$ 6,383,674</u>		<u>\$6,383,674</u>

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

### 4. RECEIVABLES AND PAYABLES

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

	<u>General</u>	<u>Non-major Governmental</u>	<u>Total Receivables</u>
Governmental activities			
Accounts	\$ 145,193	\$ -	\$ 145,193
Taxes	520,485	118,716	639,201
Other	41,447	30,765	72,212
Gross receivables	<u>707,125</u>	<u>149,481</u>	<u>856,606</u>
Less: Allowance for Uncollectibles	<u>(57,806)</u>	<u>-</u>	<u>(57,806)</u>
Net total receivables	<u>\$ 649,319</u>	<u>\$ 149,481</u>	<u>\$ 798,800</u>

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

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	\$189,610	\$ 50,210	\$239,820
Less: Allowance for Un-collectibles	<u>(142,197)</u>	<u>(10,572)</u>	<u>(152,769)</u>
Net total receivables	<u>\$ 47,413</u>	<u>\$ 39,638</u>	<u>\$87,051</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, 2014, *unearned revenue* in the governmental funds amounted to \$74,628 representing FY 2014-15 occupational licenses that were paid in advance. In addition, there were \$443,373 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	142,197
Uncollectibles related to stormwater fees	<u>10,572</u>
Total uncollectibles of the current fiscal year	<u>\$152,769</u>

Payables at September 30, 2014 were as follows:

	<u>Vendors</u>
Governmental activities:	
General	\$ 196,231
Capital Projects Fund	275,267
Nonmajor funds	<u>38,787</u>
Total governmental activities	<u>\$ 510,285</u>
Business-type activities:	
Sanitation	37,726
Stormwater	<u>406</u>
Total business-type activities	<u>\$ 38,132</u>

## 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2014 was as follows:

	Balance			Balance
	<u>October 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Sept. 30, 2014</u>
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 3,085,904	-	\$ -	\$ 3,085,904
Construction in progress	<u>90,698</u>	<u>1,137,859</u>	<u>(13,249)</u>	<u>1,215,308</u>
Total capital assets not being depreciated	<u>3,176,602</u>	<u>1,137,859</u>	<u>(13,249)</u>	<u>4,301,212</u>
			=	
Capital assets being depreciated:				
Building	17,999,099	50,700	-	18,049,799
Infrastructure	16,472,647	32,586	-	16,505,233
Improvements other than buildings	3,452,990	63,700	-	3,516,690
Machinery and equipment	<u>7,752,128</u>	<u>959,187</u>	<u>(548,714)</u>	<u>8,162,601</u>
Total capital assets being depreciated	<u>45,676,864</u>	<u>1,106,173</u>	<u>(548,714)</u>	<u>46,234,323</u>
Less accumulated depreciation for:				
Building	(3,806,719)	(352,329)	-	(4,159,048)
Infrastructure	(13,024,034)	(256,403)	-	(13,280,437)
Improvements other than buildings	(2,241,918)	(151,603)	-	(2,393,521)
Machinery and equipment	<u>(4,978,839)</u>	<u>(580,059)</u>	<u>475,766</u>	<u>(5,083,132)</u>
Total accumulated depreciation	<u>(24,051,510)</u>	<u>(1,340,394)</u>	<u>475,766</u>	<u>(24,916,138)</u>
Total capital assets being depreciated, net	<u>21,625,354</u>	<u>(234,221)</u>	<u>(72,948)</u>	<u>21,318,185</u>
Governmental activities capital assets, net	<u>\$ 24,801,956</u>	<u>\$ 903,638</u>	<u>\$ (86,197)</u>	<u>\$ 25,619,397</u>
	Balance		Deletions and	Balance
	<u>October 1, 2013</u>	<u>Additions</u>	<u>Transfers</u>	<u>September 30, 2014</u>
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Construction in Progress	-	<u>67,652</u>	-	<u>67,652</u>
Total capital assets not being depreciated	-	<u>67,652</u>	-	<u>67,652</u>
Capital assets being depreciated:				
Infrastructure	4,411,498	-	-	\$4,411,498
Machinery and equipment	<u>1,944,801</u>	<u>470,692</u>	<u>(275,848)</u>	<u>2,139,645</u>
Total capital assets being depreciated	<u>6,356,299</u>	<u>470,692</u>	<u>(275,848)</u>	<u>6,551,143</u>
Less accumulated depreciation for:				
Infrastructure	(2,100,554)	(149,433)	-	(2,249,987)
Machinery and equipment	<u>(1,184,400)</u>	<u>(117,885)</u>	<u>245,211</u>	<u>(1,057,074)</u>
Total accumulated depreciation	<u>(3,284,954)</u>	<u>(267,318)</u>	<u>245,211</u>	<u>(3,307,061)</u>
Total capital assets being depreciated, net	<u>3,071,345</u>	<u>203,374</u>	<u>(30,637)</u>	<u>3,244,082</u>
Business activities capital assets, net	<u>\$ 3,071,345</u>	<u>\$ 271,026</u>	<u>\$ (30,637)</u>	<u>\$ 3,311,734</u>

**5. CAPITAL ASSETS (CONTINUED)**

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

General government	\$ 374,813
Public Safety	191,620
Public works	318,761
Recreation and social services	444,426
Economic and community development	<u>10,774</u>
Total depreciation expense – governmental activities	<u>\$1,340,394</u>
Business- type activities	
Sanitation	89,122
Stormwater	<u>178,196</u>
Total depreciation expense – business- type activities	<u>\$ 267,318</u>

**6. LONG-TERM DEBT**

**Miami-Dade County Loan Payable**

During fiscal year 2003, Miami Dade County (the “County”) commenced a canal dredging project which was to be paid by various municipalities based on a local match responsibility allocation. During FY 2005, the County updated its cost estimates and the City’s responsibility was determined to be \$414,578. On December 20, 2005, the City executed an interlocal agreement with Miami Dade County for the repayment of this debt. Under the terms of this agreement, the note will be repaid by the City in ten annual payments of \$41,458 plus interest, commencing December 20, 2006 and ending with a final payment on December 20, 2015. The note bears interest at a variable rate. At September 30, 2014, the rate was 0.49% and the outstanding balance was \$82,914.

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

On September 2, 2010, the City issued the Capital Improvement Refunding Revenue Note Series 2010 in an amount of \$2,435,812 with Suntrust Bank. The proceeds were used to refund the \$2.5 Million Capital Improvement Revenue Note (series 2008) with SunTrust Bank. The refunding note has a fixed interest rate of 3.81%, is payable in monthly installments of \$15,616 and matures on September 30, 2028. The refunding note is payable solely from and secured by the City’s ½ cent sales tax revenues. The City achieved a cash flow difference and an economic gain of approximately \$390,000 as a result of the refunding. The balance at September 30, 2014 was \$2,032,832.

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

On November 29, 2010, the City issued the Sales Tax Revenue Refunding Note Series 2010 in an amount of \$2,610,000 with Branch Banking and Trust (BB&T). The proceeds were used to refund the \$5,000,000 of General Obligation Bonds, Series 1997. The refunding note has a fixed interest rate of 2.35% and matures on February 1, 2018. The refunding note is payable solely from and secured by the City’s ½ cent sales tax revenues. The City achieved a cash flow difference and an economic gain of approximately \$327,000 as a result of the refunding. The balance at September 30, 2014 was \$1,386,689.

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

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

	<u>Series 2010 Capital Improvement Refunding Note</u>		<u>Series 2010 Sales Tax Revenue Refunding Note</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	110,832	76,569	334,549	28,656	445,381	105,225
2016	114,987	72,413	342,504	20,701	457,492	93,114
2017	119,711	67,690	350,649	12,556	470,360	80,246
2018	124,418	62,983	358,987	4,218	483,405	67,201
2019	129,310	58,090	-	-	129,310	58,090
2020-2024	726,678	210,325	-	-	726,678	210,325
2025-2029	<u>706,895</u>	<u>58,324</u>	-	-	<u>706,895</u>	<u>58,324</u>
Total, net	<u>\$2,032,832</u>	<u>\$606,394</u>	<u>\$1,386,689</u>	<u>\$66,132</u>	<u>\$3,419,521</u>	<u>\$ 672,525</u>

At September 30, 2014 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 \$3,141,919.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2014, were as follows:

	<u>Year ending September 30,</u>
2015	318,698
2016	347,064
2017	350,705
2018	354,453
2019	130,327
2020-31	<u>1,617,175</u>
Total minimum lease payments	3,118,424
Less: amount representing interest	
Interest at 1.54% to 3.615% APR	<u>(587,358)</u>
Present value of minimum Lease payments	<u>\$ 2,531,066</u>

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

	<u>Governmental Activities</u>
Machinery and equipment	2,671,227
Less: Accumulated depreciation	<u>(316,237)</u>
	<u>\$2,354,990</u>

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

	Business Type <u>Activities</u>
Machinery and equipment	\$ 470,692
Less: Accumulated depreciation	<u>(47,070)</u>
	<u>\$ 423,622</u>

Long-term debt activity for the year ended September 30, 2014 was as follows:

	October 1, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	September 30, <u>2014</u>	Due within <u>One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
Sales Tax Revenue Refunding Note	1,713,468	-	(326,778)	1,386,690	334,549
Capital Improvement Refunding Revenue Note	2,135,385	-	(107,914)	2,027,471	110,832
Capital leases	<u>18,749</u>	<u>2,254,580</u>	<u>(141,388)</u>	<u>2,131,941</u>	<u>157,702</u>
Total bonds and notes payable	<u>3,867,602</u>	<u>2,254,580</u>	<u>(576,080)</u>	<u>5,546,102</u>	<u>603,083</u>
		=			
Other liabilities:					
Compensated absences	<u>1,541,098</u>	<u>561,817</u>	<u>(581,503)</u>	<u>1,521,412</u>	<u>970,769</u>
Governmental activity long-term liabilities	<u>\$ 5,408,700</u>	<u>\$ 2,816,397</u>	<u>\$(1,157,583)</u>	<u>\$ 7,067,514</u>	<u>\$ 1,573,852</u>
<b>Business-type activities</b>					
Bonds and notes payable:					
Capital leases	561,829	-	(162,704)	399,125	112,964
Note payable Miami-Dade County	<u>124,372</u>	<u>-</u>	<u>(41,458)</u>	<u>82,914</u>	<u>41,458</u>
Total bonds and notes payable	<u>686,201</u>	<u>-</u>	<u>(204,162)</u>	<u>482,039</u>	<u>154,422</u>
Other liabilities:					
Compensated absences	<u>127,558</u>	<u>59,405</u>	<u>(41,261)</u>	<u>145,702</u>	<u>92,809</u>
Business-type activities Long-term liabilities	<u>\$ 813,759</u>	<u>\$ 59,405</u>	<u>\$ (245,423)</u>	<u>\$ 627,741</u>	<u>\$ 247,232</u>

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

Interfund balances for the fiscal year ended September 30, 2014 are as follows:

	Interfund <u>Receivable</u>	Interfund <u>Payable</u>
General	\$ 291,189	\$ -
Capital Projects		281,938
Elderly Services	<u>-</u>	<u>9,251</u>
	<u>\$ 291,189</u>	<u>\$291,189</u>

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

Interfund transfers for the fiscal year ended September 30, 2014 are as follows:

	Transfers <u>In**</u>	Transfers <u>Out**</u>
General	\$ -	\$ 809,383
Elderly Services	110,622	-
Debt Service	<u>698,761</u>	<u>-</u>
	<u>\$ 809,383</u>	<u>\$ 809,383</u>

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

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

- Operating subsidies from the General fund of \$110,622 to the Elderly Services Center and \$698,761 in transfers to the Debt Service Fund to cover debt service payments.

**8. EMPLOYEE RETIREMENT PLANS**

**(1) Plan Description**

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

**(2) Funding Policy**

**General Employees**

The pension board establishes the required employee contribution and the City is required to contribute the amount in excess of employee contributions to cover the annual pension cost. City employee members are required to contribute 5% of their annual covered salary with the City contributing any additional amount up to 15%, when the annual contribution is greater than 15% of payroll, the amount over 15% is shared equally by the City and the members. The covered payroll for plan members for the year ended September 30, 2014 was approximately \$2,430,353. Annual contributions are actuarially determined as specified by the Retirement Ordinance as of October 1<sup>st</sup>.

**Police and Firefighters**

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

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

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

**General Employees**

The City's annual pension cost and net pension asset to the General Employees Retirement System for the year ended September 30, 2014 was as follows:

Annual required contribution	\$(392,670)
Interest on net pension asset	4,856
Adjustment to annual required contribution	<u>(9,049)</u>
Annual pension cost	(396,863)
Contributions made	<u>392,670</u>
Increase in net pension asset	(4,193)
Net pension asset, beginning of year	<u>63,896</u>
Net pension asset, end of year	<u>\$ 59,703</u>

The annual required contribution for the current year was determined based on an October 1, 2013 actuarial valuation date using the aggregate actuarial cost method. Significant actuarial assumptions used in the actuarial valuation include (i) a rate of return on the investment of present and future assets of 7.5% a year compounded annually, (ii) projected salary increases ranging from 4% to 8%. Both (i) and (ii) include an inflation component of 3%. The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Three-Year Trend Information

Fiscal Year	Annual Pension	% of Annual	Net Pension
<u>Ended</u>	<u>Cost (APC)</u>	Pension Cost	<u>Asset</u>
		<u>(APC)</u>	
9/30/11	368,887	98.8	55,074
9/30/12	420,581	102.1	63,896
9/30/13	396,863	98.9	59,703

**Police & Firefighters**

The City's Annual Pension Cost and net pension asset to the Police & Firefighters' Plan for the years ended September 30, 2014 were as follows:

Annual required contribution	\$(662,619)
Interest on net pension asset	8,228
Adjustment to annual required contribution	<u>(15,298)</u>
Annual pension cost	(669,689)
Contributions made	<u>662,619</u>
Increase in net pension asset	(7,070)
Net pension asset, beginning of year	<u>108,260</u>
Net pension asset, end of year	<u>\$ 101,190</u>

The annual required contribution for the current year was determined based on an October 1, 2013 actuarial valuation date using the aggregate actuarial cost method. Significant actuarial assumptions used in the actuarial valuation include (i) a rate of return on the investment of present and future assets of 7.5% a year compounded annually, (ii) projected salary increases ranging from 4% to 10%. Both (i) and (ii) include an inflation component of 3%.

## 8. EMPLOYEE RETIREMENT PLANS (CONTINUED)

### Police & Firefighters (Continued)

The assumptions did not include post-retirement benefit increases. The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Fiscal Year <u>Ended</u>	<u>Three-Year Trend Information</u>		
	Annual Pension <u>Cost (APC)</u>	% of Annual Pension Cost Contribution <u>(APC)</u>	Net Pension <u>Asset</u>
9/30/11	484,328	98.2	94,769
9/30/12	575,277	102.3	108,260
9/30/13	669,689	98.9	101,190

### (4) Funded Status and Funding Progress

The funded status of the Plans as of October 1, 2013 the most recent actuarial valuation date is as follows:

#### General Employees' Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL As % of Covered Payroll
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	((b)-(a))/(c)
10/1/13	14,657,002	16,482,270	1,825,268	88.9	2,430,353	75.1%

#### Police & Firefighters' Plan:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL As % of Covered Payroll
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	((b)-(a))/(c)
10/1/13	22,758,500	28,326,094	5,567,594	80.3	2,173,033	256.2%

Additional information as of the latest actuarial valuation follows:

	<u>General Employees</u>	<u>Police &amp; Firefighters' Plan</u>
Valuation date	October 1, 2013	October 1, 2013
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar, Closed	Level Dollar, Closed
Remaining amortization period	22 Years	22 Years
Asset valuation method	5 Year Smoothed Market	5 Year Smoothed Market
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	4.0%-8% based on service	4.0%-10% based on service
Inflation	3.00%	3.00%
Cost of living adjustments	N/A	N/A

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

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

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

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

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

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

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

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

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

### **(6) Defined Contribution Plan**

The City of Miami Springs 401(a) Money Purchase Plan is a defined contribution plan established by the City to provide benefits at retirement for certain employees of upper management. At September 30, 2014, there were two plan members, the City Manager, and the Assistant City Manager/Finance Director. The City is required to contribute on behalf of each participant 14.89% of earnings for the plan year. Participants are not permitted to make contributions. City contributions fully vest in the year they are contributed. Plan provisions and contribution requirements are established and may be amended by the City Council.

The plan assets are administered by ICMA Retirement Corp. Participants are mailed quarterly statements or can obtain daily account balances through the Internet. The City does not exercise any control over the plan assets. Contributions were approximately \$40,897 for the fiscal year ended September 30, 2014.

## **9. RISK MANAGEMENT**

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

## 9. RISK MANAGEMENT (CONTINUED)

### Liability Insurance

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

### Workmen's Compensation

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

## 10. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

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

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

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

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

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

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

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

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

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

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

Results presented in this report are based on the healthcare plan design in effect as of October 1, 2013.

Retiree Contributions for Medical/Prescription Benefits: All retirees must pay the required premium presented below in order to continue coverage for themselves and/or their dependents after retirement. The stated policy is that premium contribution required from retirees is equal to the blended group rate. The following chart presents the current (October 1, 2013) premium contributions required to be paid by retirees for continued coverage.

<b>Premiums Paid by Retirees* as of October 1, 2013</b>		
<b>Plan</b>	<b>Retiree Only</b>	<b>Retiree and Spouse</b>
HMO	\$527.34	\$1,170.72
POS	\$527.34	\$1,227.10

\*Regardless of Medicare Eligibility

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

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

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

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

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

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

For fiscal year 2014, the City contributed \$69,187 to the plan.

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

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

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

The City's annual OPEB cost for the fiscal year ended 2013, the sixth year of implementation of GASB Statement 45, and the related information for each plan are as follows:

Annual required contribution	\$ 229,676
Interest on net OPEB obligation	22,107
Adjustment to annual required contribution	<u>(26,318)</u>
Annual OPEB cost	225,465
Contributions made	69,187
Increase in net OPEB obligation	<u>156,278</u>
Net OPEB obligation—beginning of year	631,641
Net OPEB obligation—end of year	<u>\$787,919</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 2014 were as follows:

Fiscal Year <u>Ended</u>	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
09/30/2012	\$182,683	33.23%	\$510,153
09/30/2013	\$190,687	36.29%	\$631,641
09/30/2014	\$225,465	30.69%	\$787,919

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

Funded Status and Funding Progress. The schedule below shows the balance of the actuarial accrued liability (AAL), all of which was unfunded as of September 30, 2014.

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
10/1/2009	\$ 0	\$1,493,954	\$1,493,954	0%	\$6,283,252	23.78%
10/1/2011	\$ 0	\$1,823,433	\$1,823,433	0%	\$7,087,665	25.73%
10/1/2013	\$ 0	\$2,195,713	\$2,195,713	0%	\$6,699,106	32.78%

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

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

Actuarial valuation date	10/01/2013
Amortization method	Level percent, closed
Remaining amortization period	24 years
Actuarial assumptions:	
Discount rate	3.50%
Payroll growth assumption	3.50%
Mortality table	1983 Group Annuity Mortality
Inflation rate	3.0%
Investment return	3.5%
Projected salary increases-general	4% to 8% based on service
Projected salary increases-police	5% to 10% based on service
Healthcare cost trend rate:	

Year of increase	Medical/Rx
2014	27.0%
2015	7.5%
2016	7.0%
2017	6.5%
2018	6.0%
Thereafter	5.0%

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

Further, the valuation assumes that the City will continue to fund the liability on a pay-as-you-go basis and that the City's policy is that its per-capita contribution for retiree benefits will remain as the 2014 level. As a result, the retiree contributions will be increased to the extent necessary so that they are sufficient to provide for the difference between the gross costs and the fixed City contributions.

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

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

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

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

**11. CURTISS MANSION RESTORATION AND REDEVELOPMENT PROJECT (CONTINUED)**

During the fiscal year ended September 30, 2014, the December 31, 2013 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.

**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 October 26, 2010, the City re-awarded its agreement (the "Agreement") with Miami Springs Country Club F&B, Inc. (the "Company") which authorized the Company to be the exclusive operator of all food and beverage services at the Miami Springs Golf and Country Club. The term of the Agreement is for a five year period ending January 9, 2016, and is not subject to any option or automatic renewal. During the years that the City operated the food & beverage operation, the losses were significant. In an effort to reduce these losses, the City entered into this agreement which removes the risk of further losses to the City and transferred it to an outside private entity.

**Operating Leases**

The City leases equipment for its Golf and Country Club Fund under non-cancelable operating leases. Total costs for such leases were \$56,564 for the fiscal year ended September 30, 2014.

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

**Operating Leases (continued)**

The City also leases office equipment and office space under non-cancelable operating leases. Total costs for such leases were \$21,802 for the fiscal year ended September 30, 2014.

The future minimum lease payments are as follows:

	<u>Year ending</u> <u>September 30,</u>	
2015		\$ 82,668
2016		63,468
2017		63,468
2018		<u>61,322</u>
Total		<u>\$ 270,926</u>

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

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**CITY OF MIAMI SPRINGS, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/(Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Taxes and franchise fees	\$ 7,624,332	\$ 7,624,332	\$ 7,609,755	\$ (14,577)
Charges for services	2,090,830	2,095,830	2,124,889	29,059
Public service taxes	1,775,000	1,775,000	1,808,208	33,208
Intergovernmental	1,963,613	1,963,613	1,851,894	(111,719)
Licenses and permits	777,200	777,200	1,043,212	266,012
Fines and forfeitures	772,000	470,914	421,708	(49,206)
Investment income	9,000	9,000	12,042	3,042
Other	233,037	240,962	243,453	2,491
Total revenues	<u>15,245,012</u>	<u>14,956,851</u>	<u>15,115,161</u>	<u>158,309</u>
<b>Expenditures:</b>				
<b>General government:</b>				
Council	140,815	140,815	118,424	22,391
City Clerk	291,588	245,157	226,228	18,929
City Manager	349,603	349,603	354,558	(4,955)
City Attorney	171,000	171,000	159,454	11,546
Human Resources	189,516	189,516	211,616	(22,100)
Planning	128,947	93,447	80,764	12,683
Finance	809,782	854,697	794,800	59,897
Information Technology	331,508	331,508	307,498	24,010
Total general government	<u>2,412,759</u>	<u>2,375,743</u>	<u>2,253,344</u>	<u>122,399</u>
<b>Public safety:</b>				
Police	6,006,004	5,974,804	5,760,810	213,994
Building & Code Enforcement	603,691	569,547	609,625	(40,078)
Total public safety	<u>6,609,695</u>	<u>6,544,351</u>	<u>6,370,435</u>	<u>173,916</u>
<b>Public works:</b>				
Administration	359,599	363,466	354,580	8,886
Streets & sidewalks	461,275	351,383	351,735	(352)
Properties	589,929	595,929	586,011	9,918
Building maintenance	289,445	213,145	267,037	(53,892)
Fleet maintenance	22,000	18,300	32,504	(14,204)
Total public works	<u>1,722,248</u>	<u>1,542,223</u>	<u>1,591,867</u>	<u>(49,644)</u>
<b>Recreation:</b>				
Administration	1,378,050	1,390,841	1,275,603	115,238
Aquatics	265,578	314,578	268,229	46,349
Tennis	20,467	20,467	18,744	1,723
Park maintenance	123,939	175,888	97,495	78,393
Golf Administration	21,968	21,968	22,894	(926)
Golf Pro Shop	550,145	529,145	621,319	(92,174)
Golf Maintenance	1,126,946	1,828,869	1,838,385	(9,516)
Total recreation	<u>3,487,093</u>	<u>4,281,756</u>	<u>4,142,670</u>	<u>139,086</u>
Total expenditures	<u>14,231,795</u>	<u>14,744,073</u>	<u>14,358,316</u>	<u>385,757</u>

Continued

**CITY OF MIAMI SPRINGS, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget <u>Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>1,013,217</u>	<u>212,778</u>	<u>756,846</u>	<u>544,068</u>
Other financing sources (uses):				
Issuance of debt	-	624,996	623,843	(1,153)
Transfers out	<u>(839,248)</u>	<u>(839,248)</u>	<u>(809,383)</u>	<u>29,865</u>
Total other financing sources	<u>(839,248)</u>	<u>(214,252)</u>	<u>(185,540)</u>	<u>28,712</u>
Net change in fund balance	173,969	(1,474)	571,305	572,779
Fund balances, October 1	<u>3,692,341</u>	<u>3,692,341</u>	<u>3,692,341</u>	<u>-</u>
Fund balances, September 30	<u>\$ 3,866,310</u>	<u>\$ 3,690,867</u>	<u>\$ 4,263,646</u>	<u>\$ 572,778</u>

See notes to budgetary comparison schedule

**CITY OF MIAMI SPRINGS, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE**  
**LETF FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 97,503	\$ 97,503
Investment income	<u>10,000</u>	<u>10,000</u>	<u>1,698</u>	<u>(8,302)</u>
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>99,200</u>	<u>89,200</u>
Expenditures:				
Public safety	150,881	156,751	78,989	77,762
Capital outlay	<u>145,000</u>	<u>145,000</u>	<u>97,774</u>	<u>47,226</u>
Total expenditures	<u>295,881</u>	<u>301,751</u>	<u>176,762</u>	<u>124,989</u>
Excess (deficiency) of revenues over expenditures before other financing (uses) sources	<u>(285,881)</u>	<u>(291,751)</u>	<u>(77,562)</u>	<u>214,189</u>
Other financing sources				
Appropriation of prior year fund balance	<u>138,637</u>	<u>141,905</u>	-	-
Total other financing sources	<u>138,637</u>	<u>141,905</u>	-	-
Net change in fund balance	<u>(147,244)</u>	<u>(149,846)</u>	<u>(77,562)</u>	<u>72,284</u>
Fund balances, October 1			<u>760,557</u>	
Fund balances, September 30			<u>\$ 682,996</u>	

See notes to budgetary comparison schedule

**CITY OF MIAMI SPRINGS, FLORIDA**  
NOTE TO BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED SEPTEMBER 30, 2014

**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 \$512,278 for the fiscal year ended September 30, 2014 and consist primarily of the roll-forward of encumbrances from FY 2013, increases in transfers to other funds, and other miscellaneous appropriations for new equipment and citywide renovations.

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

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# **COMBINING FINANCIAL STATEMENTS**

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**CITY OF MIAMI SPRINGS, FLORIDA**  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2014

	Special Revenue Funds			Debt Service	Total
Senior Center	Road and Transportation	Miami Springs Properties, Inc. and Subsidiary	Total	Debt Service	Nonmajor Governmental Funds
Cash and equity in pooled cash and investments	\$ 422	\$ -	\$ 235,195	\$ 235,617	\$ 236,112
Accounts receivable - net	27,294	118,716	3,471	149,481	149,481
Restricted assets:					
Cash and equity in pooled cash and investments	-	45,703	-	45,703	45,703
Total assets	\$ 27,716	\$ 164,419	\$ 238,666	\$ 430,802	\$ 431,297
<u>LIABILITIES</u>					
Accounts payable	\$ 12,276	\$ 26,512	\$ -	\$ 38,788	\$ 38,788
Accrued payroll	6,189	-	-	6,189	6,189
Unearned revenues	-	-	443,373	443,373	443,373
Due to other funds	9,251	-	-	9,251	9,251
Total liabilities	27,716	26,512	443,373	497,601	497,601
<u>FUND BALANCES</u>					
Restricted	-	-	-	-	496
Assigned	-	137,907	-	137,907	137,907
Unassigned	-	-	(204,707)	(204,707)	(204,707)
Total fund balances	-	137,907	(204,707)	(66,800)	(66,304)
Total liabilities and fund balances	\$ 27,716	\$ 164,419	\$ 238,666	\$ 430,802	\$ 431,297

**CITY OF MIAMI SPRINGS, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	Special Revenue Funds			Total	Debt Service		Total Nonmajor Governmental Funds
	Senior Center	Road and Transportation	Miami Springs Properties, Inc. and Subsidiary		Debt Service		
<b>Revenues:</b>							
Charges for services	\$ 15,300	\$ 19,451	\$ -	\$ 34,751	\$ -	\$ 34,751	
Intergovernmental	203,273	526,776	-	730,049	-	730,049	
Investment income	-	-	-	-	-	-	
Miscellaneous	4,103	-	35,004	39,107	-	39,107	
<b>Total revenues</b>	<b>222,677</b>	<b>546,227</b>	<b>35,004</b>	<b>803,908</b>	<b>-</b>	<b>803,908</b>	
<b>Expenditures:</b>							
<b>Current:</b>							
Public Works	-	798,418	-	798,418	-	798,418	
Recreation and social services	333,299	-	-	333,299	-	333,299	
Economic and community development	-	-	1,785	1,785	-	1,785	
<b>Debt service:</b>							
Principal retirement	-	-	-	-	574,490	574,490	
Interest and fiscal charges	-	-	-	-	124,450	124,450	
<b>Capital outlay:</b>							
Public Works	-	32,586	-	32,586	-	32,586	
Economic and community development	-	-	50,450	50,450	-	50,450	
<b>Total expenditures</b>	<b>333,299</b>	<b>831,004</b>	<b>52,235</b>	<b>1,216,538</b>	<b>698,941</b>	<b>1,915,479</b>	
Deficiency of revenues over expenditures before other financing sources	(110,622)	(284,777)	(17,231)	(412,631)	(698,941)	(1,111,571)	
<b>Other financing sources</b>							
Transfers in	110,622	-	-	110,622	698,761	809,383	
<b>Total other financing sources</b>	<b>110,622</b>	<b>-</b>	<b>-</b>	<b>110,622</b>	<b>698,761</b>	<b>809,383</b>	
<b>Net change in fund balance</b>	<b>-</b>	<b>(284,777)</b>	<b>(17,231)</b>	<b>(302,008)</b>	<b>(179)</b>	<b>(302,188)</b>	
<b>Fund balances, October 1</b>	<b>-</b>	<b>422,685</b>	<b>(187,476)</b>	<b>235,209</b>	<b>675</b>	<b>235,884</b>	
<b>Fund balances, September 30</b>	<b>-</b>	<b>\$ 137,907</b>	<b>\$ (204,707)</b>	<b>\$ (66,800)</b>	<b>\$ 496</b>	<b>\$ (66,304)</b>	

## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds

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

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

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

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

### Debt Service Fund

**Debt Service Fund** – to account for the accumulation of transfers from other funds and payment of principal and interest and fiscal charges on the City's debt which are payable from non-ad valorem taxes.

**CITY OF MIAMI SPRINGS, FLORIDA**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
NONMAJOR GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Senior Center Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues:				
Charges for services	\$ 18,375	\$ 18,375	\$ 15,300	\$ (3,075)
Intergovernmental	197,001	205,733	203,273	(2,460)
Other	-	4,100	4,103	3
Total revenues	215,376	228,208	222,677	(5,531)
Expenditures:				
Current:				
Recreation and social services	354,712	367,543	333,299	34,244
Total expenditures	354,712	367,543	333,299	34,244
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(139,336)	(139,335)	(110,622)	28,713
Other financing sources (uses)				
Transfers in	139,336	139,336	110,622	(28,714)
Total other financing sources (uses)	139,336	139,336	110,622	(28,714)
Net change in fund balance	-	-	-	-
Fund balances, October 1			-	
Fund balances, September 30			\$ -	

**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, 2014

	Debt Service Fund			
	Budgeted Amounts			Variance with Final Budget Positive Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Debt service:				
Principal retirement	451,810	570,085	574,490	(4,405)
Interest and fiscal charges	117,669	129,827	124,450	5,377
Total expenditures	569,479	699,912	698,941	971
Other financing sources (uses)				
Transfers in	569,479	699,912	698,761	-
Total other financing sources (uses)	569,479	699,912	698,761	-
Net change in fund balance	-	-	(179)	(179)
Fund balances, October 1			675	
Fund balances, September 30			\$ 496	

**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, 2014

	Road and Transportation Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Revenues:				
Charges for services	\$ 15,000	\$ 15,000	\$ 19,451	\$ 4,451
Intergovernmental	488,738	488,738	526,776	38,038
Investment income	-	-	-	-
Total revenues	<u>503,738</u>	<u>503,738</u>	<u>546,227</u>	<u>42,489</u>
Expenditures:				
Current:				
Public Works	<u>575,066</u>	<u>947,850</u>	<u>831,004</u>	<u>116,846</u>
Total expenditures	<u>575,066</u>	<u>947,850</u>	<u>831,004</u>	<u>116,846</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(71,328)</u>	<u>(444,112)</u>	<u>(284,777)</u>	<u>159,335</u>
Other financing sources (uses)				
Appropriation of prior year fund balance	<u>71,328</u>	<u>444,112</u>	<u>-</u>	<u>(444,112)</u>
Total other financing sources (uses)	<u>71,328</u>	<u>444,112</u>	<u>-</u>	<u>(444,112)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(284,777)</u>	<u>(284,777)</u>
Fund balances, October 1			<u>422,685</u>	
Fund balances, September 30			<u>\$ 137,907</u>	

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**STATISTICAL SECTION  
(SUPPLEMENTAL DATA)**

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**CITY OF MIAMI SPRINGS, FLORIDA**  
**STATISTICAL SECTION**

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

**Contents**

**Page**

<b>Financial Trends</b>	<b>65-69</b>
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b>	<b>70-73</b>
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
<b>Debt Capacity</b>	<b>74-78</b>
<i>These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in future.</i>	
<b>Demographic and Economic Information</b>	<b>79-80</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
<b>Operating Information</b>	<b>81-83</b>
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the City provides and the activities it performs.</i>	

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

**CITY OF MIAMI SPRINGS, FLORIDA**

**NET POSITION BY COMPONENT**

**LAST TEN FISCAL YEARS**

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities</b>										
Net investment in capital assets	\$ 11,878	\$ 11,937	\$ 11,720	\$ 11,658	\$ 11,678	\$ 18,811	\$ 20,011	\$ 19,773	\$ 20,934	\$ 20,073
Restricted	1,920	2,297	2,703	2,859	5,082	2,557	2,121	1,496	1,184	1,317
Unrestricted	2,775	3,468	5,093	6,433	6,918	4,666	3,080	2,630	1,600	2,021
Total governmental activities net position	\$ 16,573	\$ 17,702	\$ 19,516	\$ 20,950	\$ 23,678	\$ 26,054	\$ 25,211	\$ 23,899	\$ 23,717	\$ 23,411
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 3,167	\$ 4,626	\$ 4,464	\$ 2,771	\$ 2,989	\$ 2,938	\$ 2,943	\$ 2,623	\$ 2,855	\$ 2,930
Unrestricted	237	679	1,672	1,749	890	948	1,076	1,164	715	268
Total business-type activities net position	\$ 3,404	\$ 5,305	\$ 6,136	\$ 4,520	\$ 3,879	\$ 3,886	\$ 4,019	\$ 3,787	\$ 3,570	\$ 3,098
<b>Primary government</b>										
Net investment in capital assets	\$ 15,045	\$ 16,564	\$ 16,184	\$ 14,429	\$ 14,668	\$ 21,749	\$ 22,954	\$ 22,396	\$ 23,789	\$ 22,903
Restricted	1,920	2,297	2,703	2,859	5,082	2,557	2,121	1,496	1,184	1,317
Unrestricted	3,012	4,147	6,765	8,182	7,608	5,634	4,156	3,794	2,315	2,289
Total primary government net position	\$ 19,977	\$ 23,008	\$ 25,652	\$ 25,470	\$ 27,558	\$ 29,940	\$ 29,231	\$ 27,686	\$ 27,287	\$ 26,509

**CITY OF MIAMI SPRINGS, FLORIDA**

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>EXPENSES</b>										
Governmental activities:										
General government	\$ 2,428	\$ 2,658	\$ 2,667	\$ 2,561	\$ 2,670	\$ 2,442	\$ 2,918	\$ 2,828	\$ 2,636	\$ 2,531
Public safety	4,719	4,993	5,626	5,676	6,087	6,056	6,228	6,516	6,581	6,680
Public works	1,641	2,025	1,953	2,084	2,957	3,034	3,261	2,270	2,652	2,644
Recreation and social services	3,401	3,070	3,245	3,424	3,364	3,674	3,748	3,840	3,943	4,209
Economic and community development	1,302	4,035	213	-	9	154	75	518	192	136
Interest on long-term debt	202	195	208	190	295	294	202	140	129	124
Total governmental activities:	<u>13,693</u>	<u>16,976</u>	<u>13,912</u>	<u>13,935</u>	<u>15,362</u>	<u>15,654</u>	<u>16,432</u>	<u>16,112</u>	<u>16,133</u>	<u>16,325</u>
Business-type activities:										
Water & Sewer	5,412	5,101	5,403	5,477	-	-	-	-	-	-
Sanitation	1,826	1,949	1,955	2,017	2,089	2,191	2,069	2,272	2,291	2,416
Stormwater	258	269	292	311	410	414	396	410	458	519
Total business-type activities	<u>7,496</u>	<u>7,319</u>	<u>7,650</u>	<u>7,805</u>	<u>2,499</u>	<u>2,605</u>	<u>2,465</u>	<u>2,683</u>	<u>2,749</u>	<u>2,935</u>
Total primary government expenses	<u>\$ 21,189</u>	<u>\$ 24,295</u>	<u>\$ 21,562</u>	<u>\$ 21,740</u>	<u>\$ 17,861</u>	<u>\$ 18,259</u>	<u>\$ 18,897</u>	<u>\$ 18,795</u>	<u>\$ 18,881</u>	<u>\$ 19,260</u>
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	411	453	499	570	431	822	1,048	1,298	1,328	1,624
Public safety	196	198	162	215	215	241	232	464	527	422
Public works	-	-	-	-	-	-	13	15	36	19
Recreation and social services	1,593	1,303	1,508	1,581	1,531	1,335	1,467	1,550	1,430	1,540
Economic and community development	-	5	-	-	-	-	15	17	16	19
Capital grants and contributions	-	-	-	-	2,642	4,127	1,210	146	1,456	-
Operating grants and contributions	2,437	4,541	699	712	350	478	443	493	253	243
Total governmental activities program revenues	<u>4,637</u>	<u>6,500</u>	<u>2,868</u>	<u>3,078</u>	<u>5,169</u>	<u>7,003</u>	<u>4,428</u>	<u>3,984</u>	<u>5,046</u>	<u>3,867</u>
Business-type activities:										
Charges for services:										
Water & Sewer	4,946	6,191	5,978	5,383	-	-	-	-	-	-
Sanitation	1,546	1,732	1,820	2,200	2,176	2,333	2,298	2,156	2,251	2,257
Stormwater	281	281	282	278	272	276	299	293	279	231
Capital grants and contributions	-	-	-	-	96	-	-	-	-	-
Operating grants and contributions	27	-	5	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>6,800</u>	<u>8,204</u>	<u>8,085</u>	<u>7,861</u>	<u>2,544</u>	<u>2,609</u>	<u>2,597</u>	<u>2,449</u>	<u>2,530</u>	<u>2,488</u>
Total primary government revenues	<u>\$ 11,437</u>	<u>\$ 14,704</u>	<u>\$ 10,952</u>	<u>\$ 10,939</u>	<u>\$ 7,713</u>	<u>\$ 9,612</u>	<u>\$ 7,025</u>	<u>\$ 6,433</u>	<u>\$ 7,576</u>	<u>\$ 6,355</u>
Net (expense)/revenue										
Governmental activities	\$ (9,056)	\$ (10,476)	\$ (11,044)	\$ (10,857)	\$ (10,213)	\$ (8,651)	\$ (12,004)	\$ (12,128)	\$ (11,085)	\$ (12,457)
Business-type activities	(696)	885	435	55	45	4	132	(234)	(219)	(447)
Total primary government net expenses	<u>\$ (9,752)</u>	<u>\$ (9,591)</u>	<u>\$ (10,609)</u>	<u>\$ (10,801)</u>	<u>\$ (10,168)</u>	<u>\$ (8,647)</u>	<u>\$ (11,872)</u>	<u>\$ (12,362)</u>	<u>\$ (11,305)</u>	<u>\$ (12,905)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	6,438	7,290	7,530	7,226	7,108	6,133	5,960	5,812	5,823	6,669
Utility taxes	1,578	1,635	1,634	1,667	1,818	1,783	1,718	1,698	1,758	1,808
Franchise fees on gross receipts	797	967	962	997	990	902	891	880	674	941
Intergovernmental (unrestricted)	1,289	1,396	2,237	2,128	1,935	1,860	1,999	2,162	2,226	2,442
Investment income	179	334	434	283	129	88	27	31	8	14
Miscellaneous	140	201	166	154	250	258	568	232	216	277
Transfers	(725)	(217)	(260)	(39)	711	-	-	-	-	-
Total governmental activities	<u>\$ 9,706</u>	<u>\$ 11,806</u>	<u>\$ 12,703</u>	<u>\$ 12,416</u>	<u>\$ 12,941</u>	<u>\$ 11,024</u>	<u>\$ 11,162</u>	<u>\$ 10,816</u>	<u>\$ 10,905</u>	<u>\$ 12,151</u>
Business-type activities:										
Investment income	14	334	154	63	7	3	1	2	2	1
Miscellaneous	3	201	10	-	-	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	(1,773)	17	-	-	-	-	(26)
Transfers	725	(217)	230	39	(711)	-	-	-	-	-
Total business-type activities	<u>\$ 742</u>	<u>\$ 318</u>	<u>\$ 394</u>	<u>\$ (1,671)</u>	<u>\$ (667)</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ (25)</u>
Total primary government	<u>\$ 10,448</u>	<u>\$ 11,924</u>	<u>\$ 13,097</u>	<u>\$ 10,745</u>	<u>\$ 12,254</u>	<u>\$ 11,027</u>	<u>\$ 11,164</u>	<u>\$ 10,817</u>	<u>\$ 10,907</u>	<u>\$ 12,126</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 650	\$ 1,130	\$ 1,659	\$ 1,559	\$ 2,728	\$ 2,373	\$ (841)	\$ (1,313)	\$ (182)	\$ (306)
Business-type activities	46	1,203	629	(1,616)	(642)	7	133	(232)	(217)	(472)
Total primary government	<u>\$ 696</u>	<u>\$ 2,333</u>	<u>\$ 2,488</u>	<u>\$ (57)</u>	<u>\$ 2,086</u>	<u>\$ 2,380</u>	<u>\$ (708)</u>	<u>\$ (1,545)</u>	<u>\$ (399)</u>	<u>\$ (778)</u>

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

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

Fiscal Year	Ad-Valorem Taxes General Purpose	Ad-Valorem Taxes Debt Service	Local Option Gas Tax	Enhanced Transportation Tax	State Revenue Sharing Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Half Cent Sales tax	Utility Tax	Franchise tax	Total
2005	6,040	397	375	436	311	127	10	846	1,578	797	10,917
2006	6,891	399	413	433	324	125	10	925	1,635	967	12,122
2007	7,131	400	392	462	323	120	10	919	1,634	962	12,352
2008	6,831	395	379	441	306	113	9	879	1,667	997	12,017
2009	6,710	398	362	394	321	64	9	776	1,818	990	11,842
2010	5,733	400	343	396	362	-	10	743	1,784	902	10,673
2011	5,577	383	370	418	369	-	9	827	1,718	891	10,562
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

# CITY OF MIAMI SPRINGS, FLORIDA

## FUND BALANCES OF GOVERNMENTAL FUNDS

### LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Reserved	\$ 484	\$ 792	\$ 657	\$ 197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,531	3,426	4,954	6,467	-	-	-	-	-	-
* Nonspendable	-	-	-	-	103	84	140	136	134	162
* Restricted	-	-	-	-	-	-	-	-	-	-
* Committed	-	-	-	-	2,240	2,058	1,130	847	577	243
* Assigned	-	-	-	-	-	-	-	-	-	-
* Unassigned	-	-	-	-	6,078	4,158	3,634	3,411	2,981	3,858
Total general fund	<u>\$ 3,015</u>	<u>\$ 4,218</u>	<u>\$ 5,611</u>	<u>\$ 6,664</u>	<u>\$ 8,421</u>	<u>\$ 6,300</u>	<u>\$ 4,904</u>	<u>\$ 4,394</u>	<u>\$ 3,692</u>	<u>\$ 4,264</u>
All other governmental funds										
Reserved	\$ 564	\$ 155	\$ 1,016	\$ 5,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,819	2,195	1,851	618	-	-	112	-	-	-
Debt service funds	100	102	113	113	-	-	-	-	-	-
* Nonspendable	-	-	-	-	-	-	-	-	-	-
* Restricted	-	-	-	-	2,133	2,538	1,821	937	1,190	1,317
* Committed	-	-	-	-	2,209	-	169	140	-	-
* Assigned	-	-	-	-	740	19	19	419	-	-
* Unassigned	-	-	-	-	-	-	-	-	(187)	(205)
Total all other governmental funds	<u>\$ 2,483</u>	<u>\$ 2,452</u>	<u>\$ 2,980</u>	<u>\$ 6,119</u>	<u>\$ 5,082</u>	<u>\$ 2,557</u>	<u>\$ 2,121</u>	<u>\$ 1,496</u>	<u>\$ 1,003</u>	<u>\$ 1,112</u>

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

**CITY OF MIAMI SPRINGS, FLORIDA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>REVENUES</b>										
Taxes and franchise fees	\$ 7,234	\$ 8,256	\$ 8,492	\$ 8,223	\$ 8,098	\$ 7,034	\$ 6,850	\$ 6,692	\$ 6,697	\$ 7,610
Charges for services	1,639	1,365	1,543	1,606	1,546	1,357	1,936	2,134	2,014	2,160
Public service taxes	1,578	1,635	1,634	1,667	1,818	1,783	1,718	1,698	1,758	1,808
Intergovernmental	3,429	5,939	2,932	2,799	4,817	6,348	3,609	2,692	2,678	2,582
Licenses and permits	359	430	467	536	415	818	641	488	740	1,043
Fines and forfeitures	467	229	147	239	322	338	209	534	576	519
Interest	180	334	434	283	133	88	27	31	8	14
Miscellaneous	183	135	182	178	251	263	600	529	300	283
Total revenues	15,069	18,323	15,831	15,531	17,400	18,029	15,590	14,799	14,772	16,018
<b>EXPENDITURES</b>										
General government	2,315	2,398	2,359	2,520	2,643	2,658	2,755	2,611	2,376	2,246
Public safety	4,495	4,779	5,386	5,375	5,541	5,724	5,928	6,402	6,356	6,354
Public works	1,590	1,945	1,862	1,990	2,364	2,523	2,733	1,823	2,166	2,308
Recreation and social services	2,973	2,740	2,820	2,958	2,917	3,253	3,315	3,393	3,559	3,749
Economic and community development	1,302	4,032	213	-	5	146	72	510	123	5
Debt service:										
Principal retirement	335	359	393	447	488	2,926	476	428	440	574
Interest and fiscal charges	202	195	208	190	295	294	202	140	129	124
Capital outlay:										
General government	338	390	276	6	40	22	2	1	9	864
Public safety	273	205	259	174	323	234	119	112	206	193
Public works	103	304	133	51	132	798	225	80	95	115
Recreation and social services	506	488	466	650	2,043	5,884	213	129	277	1,009
Economic and community development	-	147	-	150	787	1,064	1,383	303	231	50
Total expenditures	14,432	17,982	14,375	14,511	17,578	25,526	17,423	15,933	15,967	17,592
Excess (deficiency) of revenues over expenditures	637	341	1,456	1,020	(178)	(7,497)	(1,833)	(1,134)	(1,196)	(1,574)
Other financing (uses) sources:										
Transfers in	1,723	1,666	740	940	1,984	2,750	1,457	1,205	641	809
Transfers out	(2,023)	(1,458)	(537)	(356)	(1,086)	(2,416)	(1,457)	(1,205)	(641)	(809)
Proceeds from capital lease	-	125	232	87	-	-	-	-	-	1,631
Proceeds from debt	-	500	-	2,500	-	2,516	-	-	-	624
Total other financing sources (uses)	(300)	833	435	3,171	898	2,850	-	-	-	2,255
Net change in fund balances	\$ 337	\$ 1,174	\$ 1,891	\$ 4,191	\$ 720	\$ (4,647)	\$ (1,834)	\$ (1,134)	\$ (1,134)	\$ 681
Debt service as a percentage of noncapital expenditures	3.7%	3.0%	4.6%	4.8%	5.3%	18.0%	4.6%	3.9%	3.9%	3.9%

**CITY OF MIAMI SPRINGS, FLORIDA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

**LAST TEN FISCAL YEARS**

(amounts expressed in thousands)

Fiscal Year	Real Property			Personal Property	Net Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Net assessed Value as a Percentage of Estimated Actual Value (1)
	Residential Property	Commercial Property						
2005	655,039	182,998		76,241	914,278	7.9000	1,358,098	67.32%
2006	741,005	204,876		73,093	1,018,974	7.6000	1,606,562	63.43%
2007	806,401	242,748		74,349	1,123,498	7.5000	1,676,863	67.00%
2008	804,833	218,050		67,368	1,090,251	6.3000	1,840,486	59.24%
2009	680,762	253,328		54,922	989,012	6.1698	1,537,229	64.34%
2010	627,952	223,296		51,287	902,535	6.4710	1,308,696	68.96%
2011	631,848	212,563		60,956	905,368	6.4710	1,298,885	64.72%
2012	670,658	215,626		66,114	952,398	6.7400	1,221,297	77.98%
2013	597,863	235,425		77,894	911,182	6.9950	1,263,267	72.13%
2014	621,834	248,863		75,422	946,119	7.6750	1,284,743	73.64%

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

(1) Includes tax-exempt property.

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

# CITY OF MIAMI SPRINGS, FLORIDA

## PROPERTY TAX RATES

### DIRECT AND OVERLAPPING GOVERNMENTS(1)

#### LAST TEN FISCAL YEARS

Fiscal Year	City of Miami Springs			OVERLAPPING RATES							Total Direct & Overlapping Rates
	City Wide	Debt Service	Total Direct Rate	County-Wide	Debt Service	Fire	Library	School	State		
2005	8.1436	0.5079	8.6515	6.3792	0.2850	2.6610	0.4860	8.6870	0.7360	27.8857	
2006	7.9000	0.4415	8.3415	6.2638	0.2850	2.6610	0.4860	8.4380	0.7360	27.2113	
2007	7.5000	0.3953	7.8953	6.0373	0.2850	2.6510	0.4860	8.1050	0.7355	26.1951	
2008	6.3000	0.3579	6.6579	5.0019	0.2850	2.2477	0.3842	7.9480	0.6595	23.1842	
2009	6.4305	0.3687	6.7992	5.2945	0.2850	2.2487	0.3842	7.7970	0.6585	23.4671	
2010	6.1698	0.4226	6.5924	5.3370	0.2850	2.2271	0.3822	7.9950	0.6585	23.4772	
2011	6.4710	0.4698	6.9408	5.9275	0.4450	2.5953	0.2840	8.2490	0.6585	25.1001	
2012	6.7400	-	6.7400	4.8050	0.2850	2.4627	0.1795	8.0050	0.9708	23.4480	
2013	7.6710	-	7.6710	4.7035	0.4220	2.4623	0.1725	7.9770	0.9455	24.3538	
2014	7.6710	-	7.6750	4.6669	0.4500	2.4321	0.2840	7.9740	0.9147	24.3967	

(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)

2014		2005					
Taxpayer	Taxable Valuation	Rank	Percentage Total Taxable Valuation	Taxpayer	Taxable Valuation	Rank	Percentage Total Taxable Valuation
MIAMI AP HOTEL LLC	\$ 33,500	1	3.5%				
DORIAN VAN BEYER CALLEN	11,251	2	1.2%				
4299 MIA SPRG LLC	11,100	3	1.2%				
RED ROOF INNS	9,700	4	1.0%	RED ROOF INNS	7,013	7	0.9%
PRIME AFC INVEST MGMT LLC	8,005	5	0.8%				
BRE LQ FL PROPERTIES L L C	6,655	6	0.7%				
FAIRWAYS INC	6,000	7	0.6%				
FAIRHAVEN REAL ESTATE, LLC.	5,972	8	0.6%	FAIRHAVEN REAL ESTATE, LLC.	6,508	8	0.8%
PFEFFER & MARIN HOLDINGS LLC	5,748	9	0.6%				
BRE HMSTD PORTFOLIO LLC	5,119	10	0.5%				
				FELCOR HOLDINGS L.P.	\$ 18,288	3	2.3%
				AA GROUP, LTD.	9,748	4	1.2%
				FPL	9,478	5	1.2%
				AIRPORT FINANCIAL CENTER	8,700	6	1.1%
				ROYAL PALM PROPERTIES	5,569	10	0.7%
				FIRST UNION NATIONAL BANK	5,943	9	0.8%
				BELLSOUTH TELECOMMUNICATIONS	22,111	1	2.8%
	\$ 103,050		10.9%		\$ 93,358		12.0%

Sources: Miami-Dade County Tax Assessors' Office  
 2014 Tax Roll  
 Real/personal property adjusted taxable value- \$946,504,898

# CITY OF MIAMI SPRINGS, FLORIDA

## PROPERTY TAX LEVIES AND COLLECTION

### LAST TEN FISCAL YEARS

(amounts expressed in thousands)

<u>Fiscal Year Ended September 30,</u>	<u>Total taxes Levied for Fiscal Year</u>	<u>Collected within the Fiscal Year of Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
2005	6,312	6,124	97.0%	75	6,199	98.2%
2006	7,103	6,891	97.0%	89	6,980	98.3%
2007	7,260	7,132	98.2%	104	7,236	99.7%
2008	6,878	6,830	99.3%	29	6,859	99.7%
2009	6,859	6,683	97.4%	-	6,683	97.4%
2010	6,109	5,732	93.8%	-	5,732	93.8%
2011	5,840	5,577	95.5%	-	5,577	95.5%
2012	5,796	5,812	100.3%	-	5,812	100.3%
2013	5,824	5,823	100.0%	-	5,823	100.0%
2014	6,807	6,669	98.0%	-	6,669	98.0%

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			
2005	3,770	-	94	9,090	984	-	13,938	3.39%	1,011
2006	3,560	478	93	8,695	943	216	13,984	2.91%	1,012
2007	3,340	384	237	8,285	847	181	13,274	2.68%	960
2008	3,110	2,787	211	-	332	89	6,529	N/A	476
2009	2,865	2,686	72	-	290	-	5,913	N/A	436
2010	2,610	2,517	85	-	249	289	5,750	2.09%	424
2011	-	4,694	53	-	207	224	5,178	1.85%	375
2012	-	4,272	37	-	166	158	4,633	1.66%	335
2013	-	3,849	18	-	124	562	4,553	1.41%	324
2014	-	3,414	2,132	-	83	399	6,028	1.56%	429

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

(1) See the Schedule of Demographic and Economic Statistics on page 79 for the personal income and population data.

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property (1)</b>	<b>Per Capita (2)</b>
2005	3,770	100	3,670	0.23%	266
2006	3,560	102	3,458	0.21%	250
2007	3,340	113	3,227	0.18%	233
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%	-

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 70 for property value data.

(2) See the Schedule of Demographic and Economic Statistics on page 79 for population data.

**CITY OF MIAMI SPRINGS, FLORIDA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2014**  
(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)	\$ 139,740	0.45%	\$ 629
Miami-Dade County (3)	<u>1,023,586</u>	0.45%	<u>4,606</u>
Subtotal overlapping debt	1,163,326		5,235
City of Miami Springs direct debt	<u>5,546</u>	100.0%	<u>5,546</u>
Total direct and overlapping debt	\$ 1,168,872		\$ 10,781

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)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	135,566	152,846	166,944	163,538	145,667	135,380	135,380	129,984	136,677	141,975,735
Total net debt applicable to limit (1)	3,770	3,560	3,340	3,110	2,865	2,610	-	-	-	-
Legal debt margin	139,326	156,406	170,284	166,648	148,532	137,990	135,380	129,984	136,677	141,975,735
Total net debt applicable to the limit as a percentage of debt limit	2.78%	2.33%	2.00%	1.90%	1.97%	1.93%	0.00%	0.00%	0.00%	0.00%

**LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2013**

Assessed valuation 2014 roll	\$ 946,504,898
Bonded debt limit- 15% of assessed value	\$ 141,975,735
Total ad valorem debt- General Obligation Bonds \$	-
Amount of debt applicable	\$ -
Legal debt margin	\$ 141,975,735

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

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

**CITY OF MIAMI SPRINGS, FLORIDA**  
**PLEDGED REVENUE BOND COVERAGE**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Water &amp; Sewer Charges and Other (1)</u>	<u>Less: Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Half Cent Sales Tax Revenues (2)</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
					<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2005	4,957,104	3,988,023	969,082	N/A	375,000	456,363	831,363	117
2006	6,203,538	4,495,217	1,708,321	N/A	395,000	440,050	835,050	205
2007	6,085,729	4,363,666	1,722,063	N/A	395,000	440,050	835,050	206
2008	-	-	-	868,369	-	121,803	121,803	713
2009	-	-	-	775,907	71,688	130,736	202,424	383
2010	-	-	-	742,550	95,253	92,147	187,670	396
2011	-	-	-	827,344	383,484	204,429	587,913	141
2012	-	-	-	896,447	428,297	140,282	568,579	158
2013	-	-	-	949,575	440,297	128,506	568,804	167
2014	-	-	-	1,003,119	434,692	115,914	550,606	182

Note: 1) The City's water and sewer revenue bonds were defeased with the sale of the utility operation to Miami-Dade County on September 3, 2008. This schedule presented for historical reference only

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

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

Direct Operating Expenses do not include interest and depreciation.

2) The city issued \$2.5 million in revenue bonds for the construction of a new community center as well as a \$2.6 million Sales Tax Revenue Refunding Note. Both notes are collateralized by the Half Cent Sales tax. However, the \$2.6 million Sales Tax Revenue Refunding Note also requires that if the coverage is under 1.5X, the City pledges to budget and appropriate from other non ad-valorem revenues a sufficient amount to meet the 1.5X coverage ratio.

# CITY OF MIAMI SPRINGS, FLORIDA

## DEMOGRAPHIC AND ECONOMIC STATISTICS

### LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (Amounts Expressed in Thousands)</u>	<u>Per capita Personal Income (2)</u>	<u>Median Age (5)</u>	<u>School Enrollment (3)</u>	<u>Unemployment rate (4)</u>
2005	13,783	439,223	31,867	37.0	6,618	4.3
2006	13,824	479,817	34,709	37.0	N/A	3.8
2007	13,824	494,775	35,791	38.0	N/A	3.6
2008	13,712	N/A	N/A	39.0	5,226.0	6.3
2009	13,557	N/A	N/A	N/A	4,742	11.3
2010	13,557	274,515.7	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	20,249	42.5	4,345	8.7
2013	14,037	322,332	22,963	42.5	4,494	8.4
2014	14,067	386,843	27,500	42.5	4,494	6.4

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

(5) Florida-demographic.com

N/A- Information not available

# CITY OF MIAMI SPRINGS, FLORIDA

## PRINCIPAL EMPLOYERS

### CURRENT YEAR AND NINE YEARS AGO

<u>EMPLOYER</u>	<u>2014</u>			<u>2005</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	2.63%	50,000	1	4.80%
Miami-Dade County, Florida	25,502	2	2.00%	30,000	2	2.88%
Federal Government	19,600	3	1.54%	20,300	3	1.95%
State Government	18,300	4	1.44%	18,300	4	1.76%
Baptist Health Systems	13,376	5	1.05%	10,683	6	1.03%
University of Miami	12,720	6	1.00%	9,367	7	0.90%
American Airlines	9,000	7	0.71%	9,000	8	0.86%
Jackson Memorial Hospital	8,208	8	0.64%	11,700	5	1.12%
Publix Supermarket	4,604	9	0.36%	-		0.00%
Florida International University	3,534	10	0.28%	5,000	10	0.48%
Carnival Cruise Lines	3,500	11	0.28%	-	-	
Miami-Dade Community College	2,356	12	0.19%	5,400	9	0.52%
	<u>154,177</u>		<u>12.12%</u>	<u>169,750</u>		<u>16.29%</u>

Source: The Beacon Council

# CITY OF MIAMI SPRINGS, FLORIDA

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

### LAST TEN FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Function</b>										
General government	19	19	19	19	19	20	19	19	17	17
Public safety										
Police										
Officers	43	43	43	41	41	41	43	43	43	42
Civilians	12	12	12	12	11	11	11	11	11	11
Building & Zoning	5	5	6	6	6	6	5	5	5	5
Public Works	27	24	23	21	25	26	25	23	16	13
Culture and recreation	8	8	12	10	10	7	10	10	11	13
Water and Sewer	15	14	10	8	-	-	-	-	-	-
Sanitation	13	13	13	13	13	13	13	13	13	13
Stormwater	2	2	2	2	2	2	2	2	3	3
	<u>143</u>	<u>140</u>	<u>140</u>	<u>132</u>	<u>127</u>	<u>126</u>	<u>128</u>	<u>126</u>	<u>119</u>	<u>117</u>

Source: City of Miami Springs Finance department

# CITY OF MIAMI SPRINGS, FLORIDA

## OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Public Safety</b>										
Police:										
Number of calls answered	15,853	15,923	15,222	16,413 #	19,028	19,791	18,043	17,504	15,893	15,009
Number of arrests	687	714	663	537 #	620	426	430	494	489	373
Number of uniformed officers	43	43	41	41	41	41	43	43	43	42
Building & Zoning:										
Number of building permits issued	1,592	2000	1,701	1324 #	1154	1,120	1,105	1,220	1,278	1,302
License/Permit revenue generated	\$358,741	\$429,946	\$467,280	\$373,957	\$283,678	\$673,492	\$490,819	\$404,196	\$663,443	\$948,629
Occupational licenses issued	529	553	618	652	557	572	603	587	569	569
<b>Culture and recreation</b>										
Number of senior meals served	54,894	54,340	49,901	48,530	42,274	40,302	43,054	41,634	39,851	41,746
Recreation revenues collected	\$170,534	\$173,585	\$187,952	\$190,498	\$239,455	\$294,990	\$449,149	\$475,212	\$460,122	\$411,196
<b>Sanitation</b>										
Refuse collected (tons per month)	891	918	520	375	325	389	475	508	839	961

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

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Public Safety</b>										
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	34	34	40	43	41	43	43	36	36	36
<b>Public works</b>										
Streets (Miles-paved)	55	55	55	55	55	55	55	55	55	55
<b>Culture and recreation</b>										
Sports/Recreation Parks	3	3	3	3	3	3	3	3	3	3
Recreation Center	N/A	N/A	N/A	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
<b>Sanitation</b>										
Number of collection trucks	6	6	6	6	6	6	6	6	6	6
<b>Elderly Services</b>										
Senior centers	1	1	1	1	1	1	1	1	1	1
Transportation vehicles	1	1	2	2	2	1	1	1	1	1

Sources: Various City departments  
 Note: No capital asset indicators are available for the general government function.

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## **COMPLIANCE SECTION**

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

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

We have audited, 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 of Miami Springs, Florida (the "City"), as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 6, 2015.

**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 City'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.

*Alberni Caballero & Fierman, LLP*

Alberni Caballero & Fierman, LLP

Coral Gables, Florida

February 6, 2015



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

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

**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, 2014, and have issued our report thereon dated February 6, 2015.

**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 and Chapter 10.550, Rules of the Florida Auditor General.

**Other Reports and Schedule**

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* and Independent Accountant's Report on Compliance with the Requirements of Section 218.415 Florida Statutes in accordance with Chapter 10.550, Rules of the Auditor General of the State of Florida. Disclosures in those reports, which are dated February 6, 2015, 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 is disclosed in the notes to the financial statements.

## **Financial Condition**

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report 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 identification 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. 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

## **Annual Financial Report**

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

## **Other Matters**

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 of the City, and is not intended to be and should not be used by anyone other than these specified parties.

*Alberni Caballero & Fierman, LLP*

Alberni Caballero & Fierman, LLP

Coral Gables, Florida  
February 6, 2015



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF  
SECTION 218.415 FLORIDA STATUTES IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE  
AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

We have examined City of Miami Springs, Florida's (the City) compliance with the requirements of Section 218.415 Florida Statutes during the fiscal year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

*Alberni Caballero & Fierman, LLP*

Alberni Caballero & Fierman, LLP

Coral Gables, Florida  
February 6, 2015