



# CITY OF MIAMI SPRINGS



Popular Annual Financial Report for Fiscal Year ended September 30, 2010





## ABOUT THIS FINANCIAL REPORT

As part of our continuous effort to keep you informed on how your tax dollars are being spent, we are pleased to present the 2010 Popular Annual Financial Report (PAFR). The PAFR is a summary of the financial activities of the City's governmental funds and was drawn from information found in the 2010 Comprehensive Annual Financial Report (CAFR). The CAFR was prepared in conformance with Generally Accepted Accounting Principles (GAAP) and includes financial statements audited by Alberni, Caballero, & Company, LLP.

Unlike the CAFR, the PAFR is un-audited and presented on a non-GAAP basis. The GAAP basis presentation in the CAFR includes the presentation of individual funds, as well as full disclosure of all material events, financial and non-financial, in notes to the financial statements. Copies of the CAFR and PAFR are available for public viewing at City Hall and online at [www.miamisprings-fl.gov](http://www.miamisprings-fl.gov).

## HIGHLIGHTS OF FISCAL YEAR 2010

During the January 24, 2011 Council meeting, the City received excellent news regarding the city's financial condition. The City's external auditors, Alberni, Caballero, and Company, L.L.P. presented Council with the FY2010 CAFR which showed the City reported a strong unreserved fund balance in the General Fund of \$6.3 million. This is even more impressive because the City's unreserved fund balance was a deficit of \$300,176 just eight years ago. In eight years the City has been able to increase its unreserved fund balance by almost \$6.6 million while improving the level of services provided to its residents and reducing property tax rates during the same time period.

For FY 2010, the City's total property tax rate including debt service was 6.5924 and was one of the lowest rates in the past ten years. Further, the total property tax rate for the City has been reduced by 25% from a high of 8.7440 in FY2002 to the aforementioned 6.5924 in FY 2010. During FY 2010 several capital projects were completed, ongoing,

and/or commenced; 1) Construction was completed on the \$6.3 million community center; 2) The \$2 million renovation of the Curtis Mansion was ongoing; 3) an interior renovation project of the Senior Center was ongoing; and 4) two new bike path lighting projects were commenced.

The City's external auditors also reported that the annual financial condition assessment required by the State of Florida Auditor General showed the City had again achieved a "Favorable" rating for FY2010, a significant change in the City's rating which was "Unfavorable" in FY2002 and FY2003 and "Inconclusive" for FY2004 and FY2005.

More good news was received by Council, when it was reported to them that the sanitation operation posted an operating income before transfers of \$429,855. As in the prior year, no subsidy was required from the General Fund as the sanitation rate increases approved in October 2007 eliminated the need for such subsidy.



## FINANCIAL HIGHLIGHTS

- ||| The assets of the City of Miami Springs exceeded its liabilities at the close of the most recent fiscal year by \$29.94 million (net assets). \$5.6 million of this (unrestricted net assets) may be used to meet the ongoing obligations to citizens and creditors.
- ||| The City's total net assets increased by \$2,382,299, from \$27,557,309 in FY2009 to \$29,939,608 in FY2010. The increase is attributable to the overall increase of \$7,093 from the City's business-type activities, coupled with an increase of \$2,375,207 in net assets of the governmental activities.
- ||| During the year, the City had expenses that were \$7,497,592 higher than the \$18 million generated in tax and other revenues for governmental programs.
- ||| The business type activities for the City recognized an operating profit before non-operating revenues, expenses, and transfers of \$349,995.
- ||| Total cost of all of the City's programs increased by approximately \$300,000 or 1.7% with no new programs added this year. The increase was due to the opening of the new community center and the corresponding increase in operating costs.
- ||| The General Fund's fund balance decreased by \$2,121,411 for the fiscal year ended September 30, 2010; this decrease was a result of current year operations as well as a General Fund subsidy of \$1,552,048 to the Golf and Country Club fund to fund a new \$1.1 million irrigation system as well as current year operating losses.
- ||| At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$4.16 million, or approximately 35% of total

*Council Members, left to right: Bob Best, Dan Espino, Mayor Billy Bain, George Lob, Jennifer Ator*



general fund expenditures. The committed fund balance was \$2.06 million which represents future costs related to parks and recreation, commercial development, elderly services center and hurricane contingency.

- ||| The City's total debt decreased by approximately \$173,000 or 5% (net of principal payments on existing debt). This reduction was due primarily to principal payments during the year.

the Law Enforcement Trust Fund.

- ||| **Debt Service Funds** account for the payment of principal and interest on long term debt. Revenues for these funds are from ad-valorem taxes pledged specifically to repay certain outstanding bond issues. (eg: Golf Course and Country Club Bond).
- ||| **Capital Projects** funds account for the financial resources used for the construction and/or acquisition of major capital facilities. The City has one capital projects fund.

## TYPES OF FUNDS

### Governmental Funds

- ||| The **General Fund** accounts for revenues and expenditures associated with the general operations of the City that are not required to be accounted for in separate funds.
- ||| **Special Revenue Funds** account for proceeds of specific revenue sources that are legally restricted for specific purposes. (eg: streets and senior centers). The City of Miami Springs has five special revenue funds, Road & Transportation, Golf and Country Club, Senior Center, Hurricane, and

### Enterprise Funds

**Enterprise Funds** account for activities the City operates similar to private businesses. The City operated two enterprise funds during FY2010: Sanitation and Stormwater.

The PAFR will focus on the four funds of most importance to the citizens: the General Fund, Golf Course and Country Club Fund, Capital Projects Fund, and the Sanitation Fund.

## THE GENERAL FUND

### General Fund Revenues

As compared to FY 2009, total General Fund revenues decreased by \$585,154 or 4.8% in FY 2010. Property taxes accounted for the bulk of the decrease as a reduction of \$977,218 or 14.6% was caused in part to the lower assessed valuations in 2010 versus 2009. This reduction was offset by increases in various other revenue sources; Intergovernmental revenues increased by 5.8% as revenue sharing State funds increased from the prior year, increased building activity provided an increase of 97% in licenses and permit revenues. Negative market conditions impacted investment income which fell by 30,325 (29.5%) from FY 2009.

#### Property Taxes (\$5.7 million or 49%)

Property taxes consist of real and personal property taxes paid by Miami Springs' property owners. The millage rate for FY2010 was 6.1698 or \$6.1698 per \$1,000 of assessed property value. This millage was a 4% reduction from the 6.4305 millage assessed in FY2009. This reduction was possible when Council voted to give back to residents the \$760,000 surplus from the water and sewer transfer.

#### Intergovernmental Revenues (\$1.6 million or 14%)

These revenues consist of payments received from the State of Florida in the form of shared tax revenues. The largest payments in this category are sales tax revenue sharing payments from the State.

#### Utility Fees (\$1 million or 8.5%)

These revenues consist of payments of the City's 10% utility tax on electricity, water, and gas systems. The largest payments in this category are electricity utility taxes received from Florida Power and Light.

### General Fund Expenditures

General Fund expenditures totaled \$12 million, or \$1,556,752 under final budget. Expenditures in the General Fund increased by 4% over the previous fiscal year (the increase was attributable to the increased operating expenses of the new community center) and most departments came in under final budget. This favorable result is typical for the City of Miami Springs and results from the Administration's active use of the budget to control expenditures.

During the year, the General Fund also provided \$2,132,287 in transfers to other funds; the City incurred \$1,552,048 in costs related to the golf course, \$280,436 to the Debt Service fund, \$168,471 to the Capital Projects fund and \$131,332 for the senior center.

#### Public Safety (\$5.6 million or 47%)

Expenditures include personnel and operating expenses to maintain the City's police force, building and zoning, and code compliance.

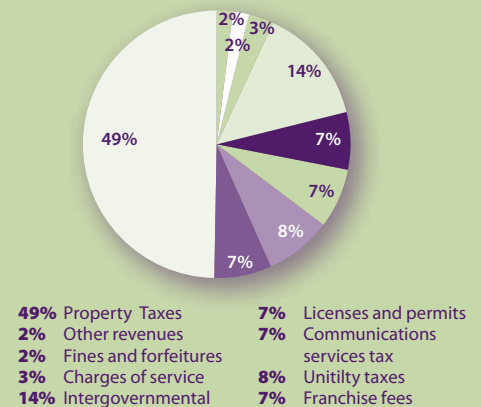
**General Government (\$2.7 million or 22%)** Expenditures include personnel and operating expenses of the Council, City Clerk, City Attorney, City Manager, Finance, Planning, Human Resources and Information Technology.

#### Fund Balance

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 \$6.3 million, as compared with \$8.4 million in the prior year.

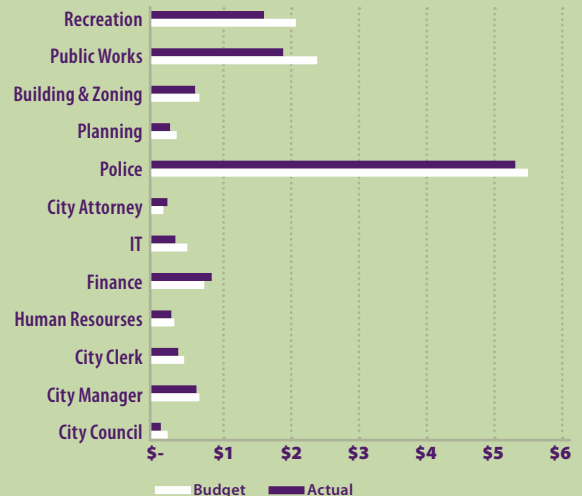
### General Fund Revenues FY 2010

Where does the money come from?  
\$12 million Total Revenue



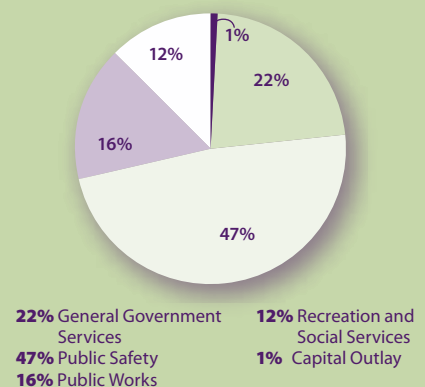
### Actual Departmental Expenditures vs. Budget

In millions \$



### General Fund Expenditures FY 2010

Where does the money go?  
\$12 million Total Expenditures





### What does Fund Balance mean?

A fund balance is defined as the difference between total assets and total liabilities. Total assets are the resources the City can use to pay bills; whereas, total liabilities are the obligations that the City has to pay within a year. The fund balance is separated into two components. Reserved fund balances are set aside to pay for existing commitments such as inventories, prepaid items and open purchase commitments. Unreserved fund balance provide working capital for the City and are used for investment income and future uncertainties.

year to fund the \$1.1 million new irrigation system for the golf course as well as approximately \$760,000 used for a millage rate reduction for our residents.

- » Committed was \$2.06 million compared to \$2.24 million in FY2009; decrease is due to some of the designations being used during the current year.
- » Non-spendable was \$84,261 compared to \$102,918 last year; decrease is due to less encumbrances being carried forward at year-end.

Over the past 9 years, the City's unreserved General Fund balance has steadily increased from a deficit

of approximately \$200,000 to a surplus of \$6.3 million in FY2010. Our current fund balance of \$6,299,907 represents almost 46% of budgeted expenditures. This is why we have over \$2.8 million in designations primarily for future infra-structure projects and uses. After deducting these designations, the undesignated fund balance is \$3.5 million or about 25% of budgeted expenditures.

Government Finance Officers Association's (GFOA) generally accepted guidelines recommend that a government maintain at least 15-20% of their general fund budgeted expenditures as "reserves", OUR CITY MAINTAINS A MINIMUM RESERVE OF 25%.

### The Country Club and Golf Course Fund

Revenues for the City's golf course operations were \$1,041,140 or 18% lower than the \$1,270,912 reported in FY2009. The decrease in revenues was attributable to the economic downturn, weather, and the fact that during the year the course was undergoing a new irrigation system

installation. Expenditures for FY2010 were \$2,588,785 or 69% higher than the \$1,531,866 for FY2009 due primarily to the \$1.1 million new irrigation system. The Golf and Country Club Fund had a net loss before transfers and after issuance of debt of \$1,547,645 for the fiscal year ended September 30, 2010. This deficit was funded through an operating transfer from the General Fund of \$1,552,048. This brought the fund balance at September 30, 2010 to zero.

### Capital Projects Fund

This fund is used to account for the Curtiss Mansion renovation project and the community center construction project, which are both partly funded with Miami-Dade

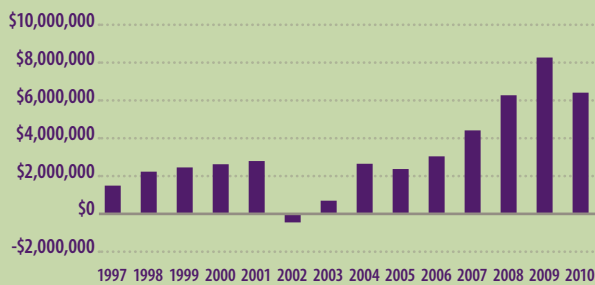
County GOB Bonds. During the year the fund reported revenues of \$4.1 million mainly from grant revenues received, and expenditures of \$6.5 million. Since the community center was completed during FY2010, the remaining fund balance of \$2,209,191 was fully appropriated for FY2011.

### Business-type Activities (Sanitation and Stormwater Funds)

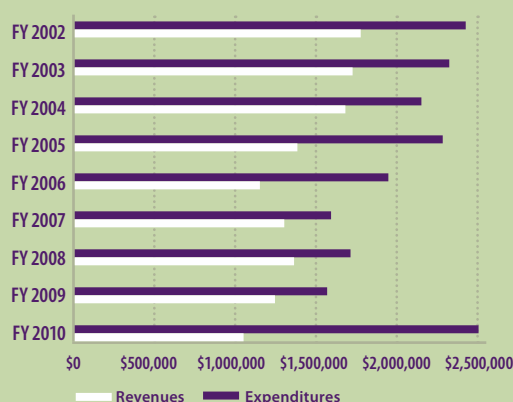
For FY 2010, there was a decrease of approximately \$229,964 in unrestricted net assets reported in connection with the City's business-type activities. Total net assets of the business-type activities reported an increase of \$7,093 from the prior year. Key elements of this increase were as follows:

- » The operating profit before transfers for all business-type activities was \$341,093.
- » The sanitation operation posted operating income before transfers of \$424,239. As was the case last year, this operation was self supporting and did not require a general fund subsidy.
- » The stormwater utility operation posted a loss before transfers of

**General Fund Unrestricted Surplus (Deficit)**  
For the Fiscal Years ended September 30, 1997-2010



**Golf and Country Club**  
Historic Revenues and Expenses



The breakdown of fund balance classifications is as follows:

- » Unassigned fund balance was \$4.16 million compared to \$6.08 million in FY2009; decrease was due to using fund balance this

\$(83,147). This loss was funded with available net assets. Revenues of the City's business-type activities increased 6.5% to \$2.6 million and expenses decreased 1.5% to \$2.26 million. Factors contributing to these results included:

- Operating expenses for the business-type activities decreased by \$34,335 or 1.5% from FY2009 mainly due to reduced operating and administrative costs.
- Increased collections efforts on delinquent accounts were imperative in increasing the sanitation revenues collected by almost 6.5% more than the prior year.

## ECONOMIC GROWTH

The City's decrease in ad-valorem tax revenues is mainly attributable to the decrease in commercial and residential property values as determined by the Miami-Dade County Property Appraiser. These annual decreases are expected to level off in the near future which could positively affect the City's revenues at the current millage rate. The City Council and the Administration both recognize the importance of expanding the City's commercial tax base for future economic health and to reduce the tax burden on the residents. As such, the City continues to pursue all options for increasing and improving the City's existing downtown business area as well as areas on the NW 36th Street corridor.

### Long Term Debt

At September 30, 2010 the City had \$5 million in long term debt outstanding. This is comprised of \$2.4 million in a Refunding note for the construction of the City's new community center and \$2.6 million in General Obligation Bonds for the purchase of the country club and golf course.

General obligation debt is payable through a property tax levy approved by the voters and used for the purchase of the Miami Springs

Golf Course and Country Club. The millage levied in FY2010 was .4226 mills. The General Obligation Bonds mature in February, 2018.

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.

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

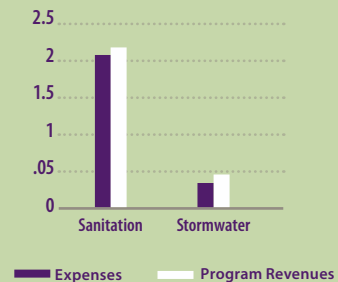
## OTHER DEBT

### 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, 2010, the rate was 1.723% and the outstanding balance was \$248,746.

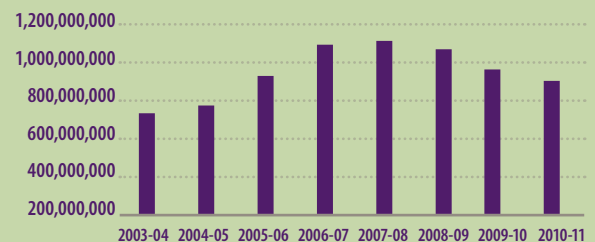


**Expenses & Program Revenues-Business-type Activities**  
For the Fiscal Years ended September 30, 2009



The chart below shows the steady increase in assessed property values for the past eight years:

**Taxable Assessed Values**



### Capital Improvement Revenue Note

On May 1, 2006, the City executed a \$500,000 Capital Improvement Revenue Note with Wachovia Bank. The Note has an interest rate of 4.22%, matures on May 1, 2011, and is collateralized by all legally available non ad-valorem revenues of the City. Proceeds were used for the renovation and improvement of the City's golf course at a cost of \$150,000, \$200,000 to replace restrooms at the City's parks, and \$150,000 for upgrading city hall security. Under the terms of the Note, the City is required to make twenty (20) quarterly payments principal and interest in the amount of \$27,861 commencing on August 1, 2006 and ending with the final payment of \$27,861 on May 1, 2011. At September 30, 2010, the outstanding balance was \$81,324.

## LONG TERM FINANCIAL PLAN

The City Council has established a written policy that the unassigned fund balance should be at least 25% of budgeted general fund expenditures (approximately three months of expenditures). This reserve will ensure that the City has available funds in case of any unforeseen emergencies.

During the 2005 fiscal year, Miami-Dade County voters approved a bond issue which provides municipalities within the County with funding for specific capital improvement projects. In addition to the new community center construction funding, Miami-Dade County also awarded the City \$2 million towards the renovation of the historic Curtiss Mansion. This funding, combined with a \$1 million grant from the Florida Department of Transportation, will ensure that the City is well on its way to its ultimate goal of converting the mansion into a historical museum and meeting center site.

	Refunding Note		General Obligation Bonds		Total	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2011	95,253	92,147	270,000	129,458	365,533	221,605
2012	98,484	88,917	285,000	115,511	383,484	204,428
2013	102,604	84,796	300,000	100,665	402,604	185,461
2014	106,639	80,762	315,000	84,668	421,639	165,430
2015	110,832	76,569	330,000	67,575	440,832	144,144
2016-2020	622,672	314,331	1,110,000	90,365	1,732,672	404,696
2021-2025	755,401	181,602	-	-	755,401	181,602
2026-2030	543,927	33,892	-	-	543,927	33,892
Total, net	<u>\$2,435,812</u>	<u>\$953,016</u>	<u>\$2,610,000</u>	<u>\$588,241</u>	<u>\$5,045,812</u>	<u>\$1,519,805</u>

## AWARDS

The City received the following awards from the Government Finance Officers Association (GFOA):

- » Distinguished Budget Presentation Award for the year beginning October 1st 2010.
- » Certificate of Achievement for Excellence in Financial Reporting, FY 2009 Comprehensive Annual Financial Report (CAFR). The FY 2010 CAFR has been submitted for review.
- » Award for Outstanding Achievement in Popular Annual Financial Reporting for the year ended September 30, 2009. The FY 2010 PAFR has been submitted for review.

Each of these awards is valid for a period of one year only.

For more information on this report or the City's finances, please call the Finance Department at 305-805-5014

### Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

City of Miami Springs  
Florida

for the Fiscal Year Ended

September 30, 2009



*Jeffrey L. Evers*  
President  
*Jeffrey L. Evers*  
Executive Director





City of Miami Springs  
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